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6 November 1985

China Report

ECONOMIC AFFAIRS



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NATIONAL POLICY AND ISSUES

JINGJI RIBAO EDITORIAL CALLS FOR BALANCED BUDGET IN 1985

HK230948 Beijing ZHONGGUO XINWEN SHE in Chinese 0616 GMT 23 Aug 85

[Text] Beijing, 23 Aug (ZHONGGUO XINWEN SHE)--In an editorial today, JINGJI RIBAO says that "China's striving to achieve a balance of revenues and expenditures this year by wiping out the estimated 3 billion yuan deficit" is another important measure.

Official figures released earlier this year showed that China's budget deficit last year was 5 billion yuan.

This newspaper, which carries weight in domestic economic circles, says that in the past few years, on the basis of the development of production, the financial condition of the state has gradually turned for the better, with a year-to-year drop in revenue giving way to a steady increase. In the past 2 years, there have also appeared the beginnings of a situation marked with a simultaneous increase in production. The deficit of the past few years has no longer been caused by shrinking revenues and expenditures but has been based on relatively big increases in both revenues and expenditures.

The editorial admits that since the second half of last year and especially since the 4th quarter, there has been too great an investment in fixed assets, too rapid an increase in loan and consumption funds, and too large a supply of money, causing a rise in the prices of certain commodities. This is a factor that is not favorable to the budget.

The national financial work conference just concluded here pointed out that to achieve a balanced budget this year, apart from continuous efforts generate revenues, the key lies in the strict control of expenditures.

The JINGJI RIBAO editorial calls on various departments to enhance income and control expenditure. It specially stresses that the tax departments must strengthen controls over taxation and subject units or individuals cheating on or evading taxes and falling behind in tax payments to demands for tax money due, plus imposed fines, according to the stipulated regulations. Those seriously guilty must be held legally responsible. Capital construction and administrative outlays must be strictly kept within the limits of the state plan.

CSO: 4006/70

NATIONAL POLICY AND ISSUES

PRC CUSTOMS OFFICIAL DISCUSSES SMUGGLING CASES

HK040541 Beijing CHINA DAILY in English 3 Aug 85 p 1

[Report by staff reporter Liu Dizhong: "Smugglers Exploit Freedoms of Open Policy"]

[Text] Cases of smuggling in China, once widespread in many coastal areas, dropped in the first half. But the value of confiscated goods has rocketed.

The biggest cases have had some connection with state-run and collective enterprises taking advantage of the state's open policy, a senior official of the China Customs General Administration told CHINA DAILY.

In the first 6 months of this year, there were 12,700 smuggling cases, 10 percent less than the same period last year, he said.

However, the official added, the total value of the confiscated goods has increased 660 percent over last year to 230 million yuan.

The increase was largely due to the 800 "serious cases," more than three times as many as last year, the official said. More than 200-million-yuan contraband was seized, a several fold increase over the 1984 period.

The value of smuggled goods in some catches reached as much as 10 million yuan, he said.

The cracking of these major cases was described by the official as representing "new and outstanding success" by custom officials in the battle against smuggling which has been particularly widespread in coastal areas in [the] past few years.

Most cases were handled by customs, the official said, adding that offenders in 31 serious cases were taken to court. Those convicted were given prison sentences.

Most major cases exploited the state's policy of enlivening the domestic economy and opening up to the outside world.

More than 4,000 motorcycles were seized while being smuggled into China by an enterprise in Zuhai Special Economic Zone. Some enterprises smuggled as many as 1,000 tape-recorders or more than 100 cars and trucks at a time.

Their smuggling activities were conducted in a variety of ways, such as in the name of importing spare parts for assembling and processing or receiving donations from overseas Chinese living abroad, he said.

Customs officers confiscated 17,000 photographs, magazines and 470 video tapes classified as pornographic materials, an 800 percent increase over the first half of 1984.

The increase in smuggling of pornographic materials has resulted in a nationwide crackdown. Showing of obscene video tapes and circulation of pornographic books and magazines are the main targets of the crackdown.

Among the illegal exported goods seized on their way out of China were foreign currency, gold, silver, antiques and some valuable Chinese herbs, the official said.

More than 6,000 antiques have been confiscated, three times more than the same period last year.

The official said customs offices throughout the country have stepped up inspection measures to combat smuggling. Their efforts focus on clearing up major cases and seizing pornographic materials and preventing antique smuggling out of China.

A national conference was convened in mid-June in Kunming, capital of Yunnan Province, to coordinate fight against smuggling, the official said.

CSO: 4020/21

NATIONAL POLICY AND ISSUES

BRIEFS

MORE INTERNATIONAL MAIL HANDLED--Beijing, 9 October (XINHUA)--The Beijing Municipal Post Office began selling souvenir envelopes today marking 9 October as universal postal union day. A special postmark is also being used on mail today. The day was designated by the Universal Postal Union, which China joined in 1983. The city's postmaster, Liu Pingyuan said, "the Beijing Municipal Post Office dispatches mail, including letters, parcels, printed matter, newspapers and magazines and money orders to 150 cities in 160 countries and regions. Special express mail goes to 30 countries and regions." Express mail service takes one day to Hong Kong and four days to New York City. Beijing handled 55.25 million units of international mail last year, an increase of 20 percent over 1983. There are 412 post offices in the city, nine times more than in 1949, 2,375 mail boxes, and 14,000 postal employees. [Text] [Beijing XINHUA in English 1151 GMT 9 Oct 85 OW]

CSO: 4020/34

PROVINCIAL AFFAIRS

XIZANG PARTICIPATION IN WEST CHINA SEMINAR

HK060209 Lhasa Xizang Regional Service in Mandarin 1130 GMT 5 Sep 85

[Excerpt] According to XIZANG RIBAO, the region's representatives who attended the west China economic development seminar held talks here with representatives of 10 provinces and cities in west China and also with experts and scholars of central departments concerned and some eastern provinces and municipalities. Useful discussions were held on developing economy of west China, and views were exchanged on further developing Xizang's economic construction.

(Xu Jinnan), party group secretary of the regional Economic and Planning Commission, spoke at the talks on behalf of Xizang's representatives. He said: Xizang can only solve the problem of inequality between nationalities--which indeed exists--by vigorously developing nationality economy. This is an economic and also a political issue.

He said: Xizang cannot develop without the care and support from the central authorities and assistance from fraternal provinces and municipalities. He said: The autonomous region will continue to seriously implement the important central instructions on work in Xizang, uphold the socialist orientation, implement the principle of focusing on animal husbandry, and carry out the special and flexible policies for economic development. We will further emancipate our minds, and get rid of all old concepts and conventions that are not in accord with Xizang realities and do not help to develop the productive forces. We will fully mobilize the enthusiasm of the people of all nationalities in the region, take advantage of our strong points, and avoid the weak ones. On the basis of infrastructural work for economic construction such as developing energy and transport and training talented scientists and technicians, we will strive to improve the standard of management and the economic results, to ensure that the region's economic development will embark on a benign cycle by relying on its own vitality, and to make preparations and lay the foundation for the state's opening up of the economy in western China.

CSO: 4006/70

PROVINCIAL AFFAIRS

XIZANG OFFICIAL REPORTS ON GOVERNMENT SUBSIDY

OW301958 Beijing XINHUA in English 1521 GMT 30 Aug 85

[Text] Lhasa, August 30 (XINHUA)--China's central government has extended 7.9 billion yuan (some U.S. \$2.82 billion) in subsidies to the Tibet autonomous region since 1952.

This was disclosed by Ngapo Ngawang Jigme, vice-chairman of China's National People's Congress, at a press conference here this morning.

The figure, he said, did not include the central government's investment in capital construction in Tibet.

When asked whether such a large subsidy was a heavy burden on the central government, the vice-chairman said that China is a unified country, and its goal is to develop all its areas. It would not think it a burden to help one of its less-developed areas.

"One would not think it a burden to help one's own brother," pointed out Bainqen Erdini Qoigyi Gyaincain, another vice-chairman of the NPC Standing Committee, who was also present at the press conference.

From a local point of view, Ngapoi Ngawang Jigme said, Tibet plans to ask for less from the central government and try to be self-supporting through its own work. However, the central government has never planned to reduce its subsidy.

On tourism in Tibet, he said that Tibet wanted to develop its tourist industry which had just started. Tibet has a lot of scenic spots and ancient buildings to attract tourists as well as scholars. However, poor transport facilities are hampering tourism.

He also welcomed foreign businessmen to invest in Tibet on the basis of mutual benefit, and he expressed the wish that China could better its relations with India, Bhutan and Nepal, which border Tibet.

CSO: 4020/21

PROVINCIAL AFFAIRS

INDUSTRIAL PRODUCTION IN NINGXIA SHOWS 'AMAZING GAINS'

Yinchuan NINGXIA RIBAO in Chinese 26 Jul 85 p 1

[Article by Wang Jianpeng [3769 3068 7724]: "Industrial Production in the Ningxia Land Reclamation System Shows Amazing Gains During the First Half of the Year"]

[Text] Although hampered by the shortage of raw materials and rising costs, the land reclamation system in the Ningxia Hui Autonomous Region, by conscientiously implementing the decision made by the CPC Central Committee to reform the economic system, has nevertheless achieved gratifying results in its industrial production during the first half of the year. Its gross production value amounted to 29.9 million yuan, or 23.4 percent over the figure for the same period last year, while its profits totalled 2.73 million yuan, showing an increase of 70.19 percent compared to the same period last year.

The economic effectiveness of industrial production in the land reclamation system during the first half of the year may largely be attributed to the four following reasons: First, the further perfection of the economic responsibility system has established a close link between the benefit accruing to the staff workers and the amount of production achieved by the enterprises and brought into full play the spirit of initiative of staff workers. Through the implementation of the economic responsibility system, all the five enterprises directly under the jurisdiction of the system have achieved over half the production quota and production value set for the year. Second, great effort has been made to improve the quality of the products. Due to their high quality, the sale of 13 among the 24 major industrial products included in the national plan turned out by the system has increased greatly compared to the same period last year. Because of their high quality, the whole milk powder produced by the Pingjibao Milk Products Factory and such products as steel doors and windows turned out by the Steel Doors Factory at the Lingwu Farm are much in demand in the market. Third, the adoption of advanced techniques and the introduction of extensive technological reforms have increased the amount of production and economic effectiveness of the enterprises. By purchasing from the Beijing Labor Protection Scientific Research Institute a set of boilers with such advanced equipment as dust removers and mufflers,

the Environmental Protection Equipment Factory in Yinchuan has been able to increase greatly the amount of production. In the first half of the year, it produced three sets of silencers and 25 sets of dust removers, amounting to 91 percent of the quota set by the production plan for the year, while its production value and profits increased 1.5-fold compared to the same period last year.

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CSO: 4006/950

PROVINCIAL AFFAIRS

RURAL, SMALL TOWN ENTERPRISES REPORT GOOD ECONOMIC RESULTS

Nanjing XINHUA RIBAO in Chinese 23 Aug 85 p 1

[Article by Ding Feng [0002 1496]: "Jiangsu's Rural and Small Town Enterprises Report Good Economic Results During First Half of This Year After Conscientiously Subordinating Themselves to Macroeconomic Control and Invigorating Microeconomic Regulation"]

[Text] While conscientiously subordinating themselves to macroeconomic control, rural and small town enterprises in Jiangsu Province have invigorated microeconomic regulation and strengthened work in supply and marketing and are sustaining the trend of development during the first half of this year. The total rural and small town industrial output value throughout the province amounted to 16.3 billion yuan or an increase of 79 percent over the same period last year, income from sales rose 76 percent, the total amount of profits was up 74 percent, and sales tax receipts increased 77 percent.

The rural and small town industries in Jiangsu mainly rely on market regulation for getting raw materials. Cadres and workers and staff members of the supply and marketing institutions and companies throughout the province have coped with the needs in production and ensured the sustained and stable development of production by organizing and coordinating work among various quarters in every possible way.

Since the beginning of this year, various localities have also improved measures to promote sales and continued to consolidate the existing markets and opened up new markets by flexible and varied means to move the products to large and medium cities and even to border regions and mountainous villages across the country; some products have been shipped across the oceans for sale in Hong Kong and Macao and some European and Asian countries. Product sales during the first half of this year have been very good even in the slack season and were brisker than ever during the busy season. Most of the products were not overstocked and the supply of popular commodities fell short of demand.

To improve the passive situation of the past with supply and marketing personnel rushing here, there and everywhere "looking for rice to cook," many rural and small town enterprises and city and county supply and marketing companies in Jiangsu Province have improved, developed and consolidated economic cooperation with outside provinces and cities and set up more stable raw materials and

energy supply bases. By developing economic cooperation with the energy, iron and steel, and nonferrous metal bases in Shanxi, Nei Monggol, Yunnan and Guizhou, and by joining operations with major enterprises in Shanghai and other large and medium cities, a more stable and reliable source of raw materials has been secured. By adopting such measures as barter cooperation involving goods and materials, cooperation in the form of economic compensation, cooperation in gathering funds and cooperation in technology and equipment, Wujin County has established a relationship of cooperation with more than 200 units in 23 provinces, municipalities and autonomous regions across the country and set up 10 raw materials and fuel supply bases, thereby forming a network of cooperation ensuring the supply of goods and materials. In the meantime, supply and marketing channels have gradually become stable to ensure supply of goods year after year, and in a relative way, turn planless supply and marketing into a planned undertaking and bring relative stability to unstable operations.

12662
CSO: 4006/696

PROVINCIAL AFFAIRS

BRIEFS

YUNNAN SCIENTIFIC, TECHNOLOGICAL RESEARCH--During the Sixth 5-Year Plan period, Yunnan Province has geared scientific and technological work to the needs of economic construction and has made relatively great progress in some important and urgently needed items. Some achievements in scientific research have attained international advanced levels. It is estimated that the number of natural science and technology workers in all local units under ownership by the whole people throughout the province this year will be some 37,000 more than in 1980, an increase of 32.7 percent. In the first 4 years of the Sixth 5-Year Plan period, some 1,800 items of scientific research in our province won prizes and 661 of them won provincial and state prizes. [Summary] [Kunming Yunnan Provincial Service in Mandarin 2300 GMT 28 Sep 85 HK]

DIRECTIVES TO COUNTY PLANS--On 16 September, Chen Xitong, mayor of the municipality, delivered a speech at the municipal meeting on appraising the municipal overall plan for building county seats, in which he stated: The management of the mapped-out plans constitutes a major task. A good job should be done in mapping out plans for rebuilding rural areas and in drawing the experience gained in building urban areas. Effort should be made to build the nine suburban counties and districts into satellite cities and to have them have their own characteristics because both rural and urban areas constitute the whole. Over the past years, the county seats in the outskirts of Beijing achieved relatively rapid development in construction or reconstruction. The meeting sponsored by the municipal people's government emphatically appraised the programs of the overall plan for rebuilding the seats of counties of Tongxian, Shunyi, Pingu, Huairou, Miyun, Yanqing, and Fangshan, as well as the districts of Mentougou and Yanshan. These programs of the overall plan have been worked out through a year's effort by the municipal planning management bureau and the departments concerned in various districts and counties. In his speech, Chen Xitong emphatically stated: As the plan exists, we should strengthen management over the plan and do things strictly in line with the plan. Cases of unauthorized construction and illegal occupation of green lands should be strictly dealt with. By no means should we always merely say that we will not repeat the mistake. [Text] [Beijing City Service in Mandarin 1000 GMT 17 Sep 85 SK]

LEADERS INSPECT CHENGDU MARKETS--According to CHENGDU WANBAO, Provincial CPC Committee Secretary Yang Rudai and Governor Jiang Minkuan said after inspecting markets in the city that Chengdu's markets have developed rapidly and handle a relative abundance of goods. It is necessary to improve service and business and further open up. They said: all agricultural trade markets face the problem of improving service and business ability and further opening up. [Excerpts] [Chengdu Sichuan Provincial Service in Mandarin 0030 GMT 9 Sep 85 HK]

GUANGDONG INTEL SERVICE--Guangzhou, 8 Oct (XINHUA)--China's first International Electronic Mail (INTEL) service has begun operating between three cities in Guangdong Province. A letter or document transmitted electronically from the province's capital of Guangzhou to Shenzhen or Zhuhai can now be delivered within about 3 hours, compared with 2 to 3 days by mail before, an official of the local posts and telecommunications administration said. A Chinese INTEL network will gradually be built up across the country, and will extend next to Beijing, Shanghai, Hong Kong, and Macao. [Text] [Beijing XINHUA in English 1213 GMT 8 Oct 85 OW]

NORTHEAST ECONOMIC-TECHNICAL ASSOCIATION--The Northeast Economic and Technical Research Association was established on 16 September. The association will render services for improving and invigorating the old northeast industrial bases, carrying out strategic studies and academic activities, carrying out modernization in the northeast areas, and for studying or dealing with the major problems of the economy, technology, and social development for the leading organs at all levels of the northeast areas and the major enterprises, establishments, and units. The association's board of directors is composed of more than 100 representatives from the planning offices of the northeast provinces and economic zones. At the meeting of the board of directors, which was held on 16 September, Zhun Xin was elected honorary president of the association, and Shen Yue, president of the association. [Excerpt] [Changchun JILIN RIBAO in Chinese 19 Sep 85 p 2 SK]

FINANCIAL PROBLEMS NOTED--The 15th meeting of the 6th Provincial People's Congress Standing Committee concluded in Xining on 10 October. Song Lin, chairman of the committee, and Qiang Jianhua, vice chairman, presided at the meeting. During discussions on the province's financial situation, a number of committee members stressed in their speeches that it is essential to strictly enforce fiscal and economic discipline. In connection with the major inspection of revenue and finances, it is necessary to unearth violations of this discipline throughout the province. At the same time it is necessary to economize administrative expenditures and put a stop to extravagance and waste. The meeting passed a resolution approving a readjustment in the province's 1985 budget. The resolution said: Financial revenue in the province in the first 8 months of the year was good. However, there has also been excessive growth of expenditures and a big drop in financial reserves. Administrative expenditures have not been controlled as they should. There are serious violations of fiscal and economic discipline, tax evasion, and so on. The meeting demanded that the people's government and financial departments at all levels further strengthen macroeconomic control. While doing a good job of production in the fourth quarter, they must strictly enforce fiscal and economic discipline, do a good job in the inspection of revenue, finances, and prices, reduce administrative expenditures, and ensure key projects. The meeting also passed a resolution on seriously implementing the PRC law on pastureland. [Excerpts] [Xining Qinghai Provincial Service in Mandarin 2330 GMT 10 Oct 85 HK]

ECONOMIC DEVELOPMENT ZONES

DEVELOPMENT STRATEGIES FOR MINNAN ECONOMIC ZONE

Fuzhou FUJIAN LUNTAN (JINGJI SHEHUI BAN) [FUJIAN FORUM (ECONOMICS AND SOCIAL SCIENCES EDITION)] in Chinese No 8, 5 Aug 85 pp 32-34, 31

[Article by Zhang Gong [1728 1712]: "A Preliminary Look at Issues Facing the Minnan Economic Development Zone in Its First Days"]

[Text] I. A Guiding Idea Which Should Be Clarified in Developing the Minnan [Southern Fujian] Economic Development Zone [EDZ]

In its present stage of development, China's economy needs a huge amount of foreign exchange income. Numerous facts tell us that in order to increase foreign exchange, maintain a balance in our foreign exchange accounts and be able to take the initiative in international economic transactions, we must undoubtedly increase exports, open up international markets and enhance our capability to earn foreign exchange. The aims of setting up the Minnan EDZ are exactly to transform a domestically-oriented economy into one geared to the world, readjust our industrial structure in accordance with our trade, industrial and agricultural pattern, develop a commodity economy, gain access to world markets and strive to increase our foreign exchange earnings. This guiding idea should be understood clearly by people in the Minnan triangle area. It should also provide the basis for our effort to formulate an economic development strategy for the zone.

II. Basic Strategic Plan for the Minnan EDZ and the Development of Short-Term Projects

Scanning the development trend of the world economy and Minnan's economic history, and relating them to the EDZ's special situation, we believe that the zone's strategic direction should be as follows: gear to the international market, make foreign trade our top priority, actively take part in international economic exchange and cultural intercourse, and establish a highly adjustable economic mechanism to promote the zone's internal economic coordination and rapid development so that it will become an open, modern, highly cultured and prosperous area where the domestic and international economies can interact, where industry and agriculture are integrated and where rural and urban areas nourish each other.

Under this strategy, municipalities and counties should follow the principle of "making use of one's strengths, avoiding one's weaknesses, benefiting and supporting one another in order to develop together," fully exploit their individual advantages and potential, distribute their productive forces rationally and establish a feasible industrial structure so that each can develop its own superior industries and flagship products capable of securing a niche in the international marketplace. The three cities of Xiamen, Zhangzhou and Quanshou, in particular, should go in for industrial division of labor in accordance with their own specialties and strong points and within the framework of centralized planning and integration. Xiamen, with its generally superior credentials, should use processing for export and tourism as a springboard to transform itself into a center for trade and finance as well as a locus of science and education. Blessed with favorable agricultural production conditions, Zhangzhou is already producing a number of world-renowned agricultural products. Hence it should concentrate on crop cultivation, aquaculture, food processing industries requiring a high degree of skill, beverages and pharmaceuticals; establish a powerful base for the processing and export of agricultural products; and become a center for agricultural science. Studded with scenic spots and historical sites, Quanzhou has the potential to become a religious mecca and tourist attraction. With support from Huaqiao University, it may develop into a city for the import, assimilation and dissemination of new technology.

It will take an arduous pioneering struggle to achieve the above plan. We must take into consideration a host of issues including foreign exchange, energy resources and transportation and, in the initial stage, focus on those projects which have a better chance of earning foreign exchange, fully exploit local strengths, require little capital and use little energy. Specifically, we may begin by taking the following steps:

A. Modify our economic structure in accordance with our trade, industrial and agricultural pattern and transform our internally oriented economy into one geared to the outside world.

This means that we should readjust our industrial structure in accordance with export needs so as to gain access to the international marketplace. In other words, if the marketplace needs such and such a product, we will process or grow it accordingly. Teeming with the "six famous fruits," fresh produce, tea leaves, flowers, food and beverages, all of which have secured an international reputation, the Minnan EDZ basically has what it takes to modify its economic structure in accordance with its trade, industrial and agricultural pattern. If we can further improve packaging, transportation, preservation and quarantine and so on, the development potential is considerable.

It should be stressed that right now aquaculture has entered a "golden age." Aquacultural products have consistently been in short supply and enjoyed firm prices; a kilogram of prawn is worth a dan of millet while a liang of eel fry equals a liang of gold. Aquaculture has a short production cycle, yields good economic returns within a relatively short period of time, and nets high foreign exchange earnings relative to production costs. Moreover, the international market has a large appetite for aquacultural products with

demand always outstripping supply. Hence aquaculture is a strong candidate to be our major foreign exchange earner. Endowed with tremendous resource potential, ideal production conditions and convenient communications, the Minnan EDZ is the prime aquaculture center in Fujian Province, producing prawn, grouper, eel, oyster, razor clam, and hard-shell crabs galore. As a result, an all-out drive to develop aquaculture presents an effective way of maximizing the zone's foreign exchange income at the present moment. As Comrade Xiang Nan [7309 0589] pointed out recently, the Minnan triangle must "readjust its economic structure in accordance with its trade, industrial and agricultural pattern, strive to maximize its foreign exchange earnings and, for the moment, zero in on aquacultural exporting as the key to economic development."

Not only can the Minnan EDZ provide fresh produce for the world market, but it can also make use of its unique advantages to supply Southeast Asian nations with other agricultural by-products. With its tiny size, dense population and over 4 million tourists, Singapore has a heavy demand for non-staple foodstuffs and has repeatedly indicated a desire to establish with Minnan a long-term trade and cooperation relationship, including the export by China of vegetables, canned food, fruits, sugar, eggs, meat and aquacultural products. Unfortunately, we have not been able to make a commitment so far. But it does indicate the potential in this area.

If it wants to adjust its economic structure in accordance with its pattern of trade, agriculture and industry, the Minnan EDZ must first reform its foreign trade system. The "Sanjiang Co" must be given a definite amount of autonomy in foreign trade so that it can plan the export of industrial and agricultural products for the zone as a whole and place its business on a sound footing. Second, a foreign trade economic information center and market trend forecasting network should be set up to lay our hands on timely information on the international marketplace. Only by orienting ourselves toward the international marketplace as we go about readjusting our economic structure can we ensure that the structure is on a firm foundation. Third, we must readjust the zone's internal agricultural structure rationally by appropriately reducing the acres devoted to grains, increasing those devoted to cash crops and making a concerted effort by developing cultivation and aquaculture. Fourth, we must be aggressive in our import of improved varieties and advanced production technology and do a good job in the processing and integrated utilization of agricultural by-products so that they are exported with added value.

B. Develop tourism vigorously.

Tourist resources in the Minnan triangle are rich and unique. First, its climate is mild and pleasant year round and there is no off-season as far as tourism is concerned. Zhangzhou, for instance, has been traditionally praised as a spot where "flowers blossom in all four seasons and where the scenery is spring-like during any of the eight festivals." Second, what makes the area stand out is its natural and unique landscape. Xiamen, for example, has been highly lauded by Chinese and foreign tourists for its concentration of spectacles including mountains, waters, rocks, caves, gardens, flora and other exotic objects. Third, the Minnan area abounds in tourist resources with

cultural and historical interest. In Quanzhoucheng, built by Cheng Chi in the second year of the Tianyou reign during the Tang dynasty, there are the Kaiyuan Temple, the Moslem Mosque (the oldest surviving Islamic mosque in China), Dongxi Pagoda, and the "Holy Islamic Tomb" outside the Eastern Gate. Fourth, the area also has its unique customs and attire. Examples are the dress of Huian women and Quanzhou's "southern music." Xiamen is well known as the "home of music and art." Then there are geothermal resources (hot springs). All this provides rare and ideal conditions for upgrading tourism in the area and making it more sophisticated.

It should be pointed out that tourists these days are no longer content to stay in the primitive stage of "mere sightseeing." They have many new ideas and demands, so in the process of developing tourism in Minnan, we should pay special attention to the exploitation of its cultural and historical relics and sell tourism at different levels and in different ways. We should build a string of high-class hotels and villas, simple but elegant mountain chateaus, and tourist fishing villages, and provide tourists from around the world with the best in food, accommodations, entertainment, shopping, transportation, and medical services.

C. Jointly develop the area's granite resources and improve the processing of granite products.

Fujian leads the nation in granite reserves, and Minnan accounts for 50 percent of the provincial output, including the 600 million cubic meters in Jinjiang Prefecture alone. Moreover, Fujian granite has a longstanding international reputation. Many of the nation's best known buildings such as Luoyang Bridge, built during the Song dynasty, Wuli Bridge, Dongxi Pagoda in Quanzhou, the Great Hall of the People in Beijing and Chairman Mao Memorial Hall all sparkle with the luster of Minnan granite. In recent years, it has been sold to such distant places as the Middle East, Southeast Asia, the South Pacific, Japan and Hong Kong. Of the nation's overall stone product exports in 1979, 69 percent came from Fujian, and of the province's share, 90 percent was produced by Huian Stone Carving Works. Stone products are a major foreign exchange earner and show every sign of becoming increasingly so; in 1982, China's earnings from the export of Huangshiliao, a kind of granite, rose 770 percent over 1976. Another important point is that the area has formidable stonework expertise: there are almost 100,000 stonemasons in Huian County alone. Huaqiao University has included the development and use of granite in its list of research priorities.

It can thus be seen that the development of Minnan granite resources has a bright future. At present, however, the Minnan stone industry falls short of international standards in production capability, product requirements and quality, and its quarrying techniques are also relatively backward. Hence efforts must be made to import advanced foreign technology and management techniques. There is currently an urgent need for imported production lines to increase substantially our capability to export stone within a short period of time. A centralized piece of planning, managerial and coordination machinery should be set up to take charge of overall development, modernization, production, marketing, foreign technology import and other matters.

D. Further develop the food and beverage industries.

World market forecasts for the next decade put the food and beverage industries as the No 1 growth sector. The Minnan area not only possesses a wealth of raw materials for these industries, but has also established a firm basis consisting of about a dozen industries such as sugar, canning, beverages, tea making, candied fruit, aquacultural product processing, and vegetable processing, whose annual output value constitutes about 46 percent of the provincial total. These industries are marked by high technical standards and sophisticated equipment. For example, both the carbonation canning machine at Zhangzhou Winery and the soft canning packaging equipment at Zhangzhou Candied Fruit Factory are among the most advanced in the nation. Many famous name-brand products from the Minnan area have proved very popular in the international marketplace for some time now, examples being "Yuanhuotang" candied fruit from Quanzhou which is sold as far away as Southeast Asia and "Shuangdeng" lizhi wine from Zhangzhou, much touted abroad as "China's champagne" and extremely well received. These conditions lay a solid foundation for Minnan's drive to make food and beverages two of its priority industries.

The development of the food and beverage industries in the days ahead should proceed along the following line: diversify the sugar industry and intensify its integrated utilization, and develop industrialization in the food and beverage industries. Our present backwardness in packaging, preservation, transportation and printing has undermined the competitiveness of our products abroad and hence their ability to earn foreign exchange. Thus we should make use of the zone's preferential policies to boldly import modern packaging materials and technology which stress recycling and printing in order to make our products so attractive and practical, as well as nutritious and handy, that they will take over the Hong Kong, Macao and world markets.

In the long run, the Minnan triangle will be better off exporting industrial goods. But their present inferior quality and high production costs mean that an extended period of hard work is necessary before they can fight their way into the international marketplace. That is why we have identified the above sectors for development during the initial stage so that their products can soon be sold abroad in return for foreign exchange. Also to be tackled in the early stage are such capital construction projects as communications and energy, an area where Xiamen has experienced some success.

III. Some Relationships Which Must Be Managed Well from the Beginning

The establishment of the Minnan EDZ will usher in a new stage in its economic development, a stage when the existing domestically oriented economy will evolve into one geared to the outside world and when our single-product economy will become a comprehensive and modern commodity economy. This requires that we change our ideas accordingly and manage the following relationships properly from the outset:

A. The relationship between import and export.

An important goal of establishing the Minnan EDZ is to use the area's superior conditions to develop first-rate industries in response to the needs of the international marketplace so as to gain access to it. In this way we can increase our exports and therefore our foreign exchange income. But since the competitiveness of our exports is still weak and our production costs high compared to the foreign exchange earned, we should import advanced foreign technology, equipment and management methods appropriately in order to develop our economy in a "leap-frog" manner. So we import to export. But before we import we must prepare thorough technical, economic and social feasibility studies and make pre-import consulting, research and testing a legal part of the import procedure. We must reverse the old tendency to overemphasize heavy industry, hardware and import and ignore light industry, software (technology, production experience and management techniques), the absorption and assimilation of production technology and innovation. The Minnan EDZ, in particular, should stress the principle, "make export our priority, let export finance import, let import promote export, and combine export and import," and pay special attention to the import of production technology, equipment and management methods for export-oriented industries, all in order to increase export and foreign exchange income.

B. The relationship between the import of foreign technology and economic cooperation with the rest of the nation.

The aim of both foreign importing and domestic economic cooperation is to promote domestic economic growth across the board. The more attractive an economic zone is to the outside world, the more dependent it will become on the hinterland economy. Under certain circumstances, economic results derived from sound cooperation with the hinterland outweigh those from the import of foreign technology. For instance, after importing a set of fully automated canning equipment from the Federal Republic of Germany, the Zhangzhou Canning Factory often operates under capacity. On the other hand, there are some canning factories in Minnan which have difficulty keeping up with their work because of outdated equipment. Clearly coordination and cooperation yield greater economic returns than each factory importing its own hardware. In this sense internal cooperation is much and urgently needed.

Economic cooperation between coastal areas and the hinterland can take endless forms and range far and wide in terms of contents. It may take whatever form Chinese-foreign cooperation takes, including cooperative production, cooperative operation, compensatory trade, processing with imported materials, technical consulting and project contracting. Food shortages which may appear in the area as it readjusts production in accordance with its trade, industrial and agricultural pattern can be made good through cooperation with northern Fujian in the form of compensatory trade. In short, both the import of technology and domestic economic cooperation are indispensable to the Minnan EDZ. Earnest efforts must be made to cooperate with the hinterland economically even while it seeks to import foreign technology.

C. The relationship between Xiamen, Zhangzhou and Quanzhou.

The three cities each have their own strengths, but such strengths cannot be fully exploited in the absence of centralized coordination. On the contrary,

uncoordinated, they will undercut one another's effectiveness in communications, energy, foreign trade, tourism and scientific and technical capability. As parts of the Minnan EDZ, Xiamen, Zhangzhou and Quanzhou relate to the zone as components relate to the whole--interdependently. Therefore, we must first develop an overall outlook, make use of our strong points, avoid our weaknesses, support one another and develop together. We should fashion a piece of integrated machinery which can effectively plan, organize, coordinate, direct, manage, control and oversee foreign trade, and hammer out joint operations which can achieve the above functions. As for individual industries, thought may be given to the establishment of trade associations endowed with appropriate autonomy which can coordinate the overall growth and development of the industry concerned in different localities throughout the EDZ.

12581

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ECONOMIC DEVELOPMENT ZONES

MODERNIZATION UNDERWAY IN SHANDONG DELTA AREA

OW051955 Beijing XINHUA in English 1137 GMT 5 Aug 85

[Text] Jinan, August 5 (XINHUA)--The Yellow River delta in Shandong Province is going to become a new, modern economic zone, Tang Shanghai, mayor of Dongying City, told XINHUA today.

The headquarters of the Shengli oilfield, China's second largest is located in Dongying, a new city in Shandong Province close to Bohai Bay.

The city is building a multi-functional harbor, a bridge across the Yellow River, highways radiating in all directions, a reservoir, and an airport which is scheduled to open in October, according to the 47-year-old mayor.

Priority will be given to expand oil industry, said the mayor, a Qinghua University graduate who worked in an oilfield for about 20 years.

More than three fifths of the 49 discovered oilfields in Shengli and about two thirds of the 29 oilfields being developed are in the city.

Preparations are underway for construction of a large refinery, a chemical fertilizer plant and a base to produce compound materials.

Workers in the Shengli oilfield have been mobilized to work harder to catch up with Daqing, China's leading oil center. Annual output at Shengli is expected to reach 28 million tons this year.

Supportive industry will be developed around the oil production, the mayor said. Included are refineries, petrochemical plants and service facilities for oil workers.

Farming, forestry, animal husbandry and fishery will also be developed.

Irrigation systems and production bases for farming, animal husbandry and fishery are being formed and more than 100 towns beautified.

A 106-kilometer section of the Yellow River is suitable for breeding aquatic products. Dongying has 600,000 hectares of arable land.

CSO: 4020/21

ECONOMIC DEVELOPMENT ZONES

BRIEFS

LIANYUNGANG UNDER CONSTRUCTION--Nanjing, 13 October (XINHUA)--Building work will be completed this year on the first phase of a development zone designed to attract foreign investors at the port of Lianyungang, Jiangsu Province, a local official here said. Lianyungang is one of the 14 coastal cities that were last year granted greater powers to make decisions on foreign investment and trade. The city's three-square-kilometer economic and technological development zone is near the Longhai railway, an important east-west trunk line, and only 42 kilometers from an airport. The first phase of construction focuses on a 1.3 sq km section, the official said. Initially, 25 factories along with service facilities are being built. The city has struck deals on 15 projects involving foreign funds and importing technology for the zone. These are expected to generate annually 530 million yuan worth of industrial output value, 110 million yuan in taxes and profits and 30 million U.S. dollars (about 90 million yuan) in exports. Some 100 factories should be completed in the zone by 1990, the official said, and zone-related facilities, such as hotels, apartment buildings, telephone exchanges and warehouses, have been completed or are under construction. [Text] [Beijing XINHUA in English 0902 GMT 13 Oct 85 OW]

CSO: 4020/37

ECONOMIC MANAGEMENT

WUHAN COMMISSION CALLS FOR BETTER ENTERPRISE RESULTS

Wuhan CHANGJIANG RIBAO in Chinese 19 Jul 85 p 1

[Article by reporter Xu Ruijiao [1776 3843 1207]: "Stimulate 'Digestion,' Reduce Cost, and Improve Results--Wuhan Municipal Economic Commission Calls Special-Topic Economic Analysis Meeting To Review Experience and Look for Shortcomings"]

[Text] The Wuhan municipal economic commission called a special-topic analysis meeting from 16 to 17 July on the subject of "stimulating 'digestive' capacity within enterprises, reducing costs and improving economic results." Representatives who spoke at the forum on behalf of enterprises which had reduced costs by a wide margin and made rapid comebacks explored 12 experiences in reducing costs and also discovered existing gaps.

The 12 experiences are: promoting targeted cost, plugging up loopholes and tapping potentials; opposing waste and carrying forward the good traditions of hard work and thrift; tapping fund potential and reducing expenses on interest; picking out and buying the best and at a cheaper price and reducing expenditures on raw and supplementary materials; raising output and lowering labor and production cost; improving the quality of products and cutting losses incurred by repairs of rejects; digesting unfavorable factors by increasing production and practicing economy; developing new products and bringing the dying back to life; adopting new technology, improving craftsmanship and conserving material consumption; importing advanced technology, doing a better job of controlling equipment and conserving energy and reducing waste; and promoting modernized management, strengthening the infrastructure, tightening economic accounting and lowering consumption by focusing on value engineering.

The 12 industrial bureaus (general companies) in Wuhan have achieved fairly good results by exploiting the "digestive" experience. During the first half of this year, the comparable product cost upturn rate was 0.54 percent lower than originally forecast, this represented a drop of 8.02 million yuan in the upturn and also an 11.94 percent "digestion." The comparable product cost of 113 industrial enterprises under the city showed an average drop of 4.71 percent. However, because some enterprises failed to pay attention to "digestion," the comparable product cost of 205 industrial enterprises rallied again with an upturn rate of 4.79 percent. The number of enterprises reporting more than 500,000 yuan in comparable product cost upturn totaled 136 and another 16 reported more than 1 million yuan.

At the analysis meeting, five advanced units including the Wuhan iron and steel complex and the No 1 state cotton mill described their experience. Several enterprises which experienced significant product cost upturn had also brought their problems before the meeting and discussed where they had lagged behind. After making the analysis at the meeting, some advanced units felt that since the potentials were unlimited, efforts should be made to attain an even higher goal. Units which experienced a high product cost upturn were shocked but in the meantime they had also found a way to reduce costs and enhance their confidence in overcoming difficulties. The Wuhan passenger train assembling plant reported a high comparable product cost upturn during the first half of this year. Before taking part in the analysis meeting, this plant's leadership had blamed it on the mounting objective difficulties and the lack of subjective initiative as the cause. At the analysis meeting, a responsible person of the plant heard the experience of the Wuhan inorganic salt chemical plant about how it encouraged its workers and staff members to meet difficulties headon instead of waiting passively in the face of objective hardships and succeeded in reducing the comparable product cost by 9.92 percent. He could not sit still and asked to be excused to return to the plant before the close of the analysis meeting; then he called meetings level by level to discuss and implement specific measures for cost reduction.

12662
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ECONOMIC MANAGEMENT

ON TENTATIVE PLAN TO READJUST WUHAN INDUSTRIAL STRUCTURE

Wuhan CHANGJIANG RIBAO in Chinese 18 Jul 85 p 4

[Article by Chen Ge [7115 7245]: "Tentative Plan for Readjusting Wuhan's Industrial Structure"]

[Text] Urban industrial structure is the material foundation of a city's functions, it specifically prescribes and reflects the rate, scale and level of the social economic structure of the city itself and certain of its surrounding areas and also the trend of movement of the consumption structure. Generally speaking, the more rationalized a city's industrial structure becomes and the higher the degree of socialized and specialized production becomes, the stronger will be its multiple functions and the greater economically will be its radiant power and attractiveness. Based on this understanding, we think that the "four combination" measures adopted by Wuhan in the course of the economic structural reform by proceeding from realities to readjust the industrial structure are important ways to bring about a rationalized industrial structure, promote socialized and specialized production, and strengthen Wuhan's service functions.

Integrating with Development of Tertiary Industry

The scope of a city's service function in the entire country or in a region is determined to a large extent by the level of development of tertiary industry and its ability to bear the tasks. There is no denying the fact that Wuhan's tertiary industries are very backward; this backward state, particularly evident when contrasted with the secondary industries, is reflected in the prominent phenomenon of people attaching too much weight to this and too little weight to that. The protracted backwardness of tertiary industries has not only caused great inconvenience to city life but more importantly, has also weakened the comprehensive service function of a key city, thereby making it very incompatible with the current situation and demands of opening up domestically and to the outside world. For this reason, in the course of the economic structural reform, it is imperative to open up many types of markets, readjust the industrial structure, develop tertiary industry vigorously and enhance its ability to render comprehensive services so as to make Wuhan a "relay station" a "support center" with strong ability to carry out its tasks, and a vital, fully-automated "great arena" of the socialist commodity economy in the course of opening up domestically and to the outside world.

Integrating with Augmentation of Radiant Force

A major task of the economic structural reform in Wuhan is to build an open and network-type economic zone with Wuhan as a radiating center and central China as the base. Whether or not this economic zone can take shape very quickly is naturally and most important of all determined by Wuhan's ability to provide excellent services to the central China region, particularly the vast countryside in that region. Judging from current trends besides the need for Wuhan to provide services in the fields of production, circulation, technology, management and information, the central China region is also in urgent need of excellent services in supplying industrial products for agricultural use. However, Wuhan's industry is a "short leg" [duan tui 4252 5217] as far as services to agriculture is concerned and one that basically has not yet set foot in this market at the moment. Our city's output of major industrial products for agricultural use in 1983 included 5,712 walking tractors, 7,300 water pumps for farm use, 56,000 tons of chemical fertilizer for agricultural use (including production from suburban counties) and 5,400 tons of plastic sheets for agricultural use. These figures prove that the quantities of industrial use are insignificant in light of the vast central China region. Moreover, as to quality, most of the products represented "low-grade goods" or old, familiar brands that attracted no attention in the vast countryside at all. For this reason, to readjust our city's industrial structure and vigorously develop industry to serve agriculture by proceeding from the objective needs of building an economic zone has become an issue of great urgency.

Integrating with Technological Transformation

Technological transformation is a form of expansion of reproduction with intensiveness as the leading factor in achieving reform of technological processes and equipment renewal in enterprises. It is of special significance and urgency in Wuhan City. Our city now has more than 4,000 industrial enterprises with nearly 12 billion yuan in fixed assets by yearend, constituting an important basis of goods and materials to provide comprehensive service functions in a city. But the problem of old equipment and, aging technology is widespread in existing enterprises. According to statistics of 59 large and medium industrial enterprises, while the fixed assets are 1.84 billion yuan in original value, their net value amounts to merely 650 million yuan, or only 35 percent of the original value. In the current situation in which funds are short and resources and energy resources are lacking, technological transformation is a way to achieve quick results and greater benefits by investing frugally. Of course, we must watch the trends of development and changes in the domestic and overseas markets and have a very strong concept of value in carrying out technological transformation so as to make sure that it will help rationalize the industrial and product mix so that enterprises that carry out technological transformation will have the ability to meet emergencies and their products will have an impact on the market. Only in this way can we achieve the results of "doing more and better work by spending less money."

Integrating with the Trend of Development in Consumption

With the development of the production of consumer goods and the increase in the level of consumption of residents in the urban and rural areas, the

consumption structure of the residents is undergoing a profound change. For this reason, studying and grasping the trend of development and the law of movement in relation to the consumption structure and readjusting the industrial structure and product mix in our city in an effective way are not only the objective demands of continually satisfying the daily growing needs of the urban and rural people in material and cultural life but also inherent demands for strengthening the comprehensive service functions.

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ECONOMIC MANAGEMENT

SHANDONG DISCIPLINE INSPECTION COMMISSION CIRCULAR ON BONUSES

SK070855 Jinan DAZHONG RIBAO in Chinese 19 Sep 85 p 2

[Text] Recently, the provincial Discipline Inspection Commission issued a circular on sorting out and checking the unhealthy trends of arbitrarily issuing bonuses, materials, and subsidies.

The circular points out: Since the beginning of this year, the provincial CPC committees, governments, and discipline inspection commissions at all levels throughout the province have conscientiously implemented a series of directives of the central authorities, the State Council, the Central Commission for Guiding Party Rectification, and the Discipline Inspection Commission on correcting the unhealthy trends. The functional departments at all levels have conscientiously performed their duties. At present, the new unhealthy trends have been basically checked. Remarkable achievements were made in the work of sorting out and recalling bonuses, materials, and subsidies which were illegally issued. As of the end of July, the province as a whole had investigated and sorted out more than 116 million yuan of illegally-issued bonuses, materials, and subsidies, and some 60 million yuan had been recalled, accounting for 52.4 percent of the actual amount of bonuses, materials, and subsidies issued. According to the reported figures of the state enterprises, they should pay a total of more than 33 million yuan of bonus taxes, and about 32.7 million yuan was actually paid to the state treasury, accounting for 97.5 percent.

The circular also points out that the uneven progress is the prominent problem in the current work of sorting out and recalling unwarranted bonuses, materials, and subsidies. Zibo and Weifang cities achieved a fairly rapid progress in this regard. The sum recalled by these two cities accounted for more than 80 percent of the total sum issued. Their work of sorting out and recalling unwarranted bonuses, materials, and subsidies has nearly ended. Qingdao City, whose progress in this regard was quite slow, had recalled only 36 percent of the illegally-issued bonuses. The work of recalling illegal bonuses, materials, and subsidies in some provincial-level departments, bureaus, and units lagged behind that of cities and prefectures.

In order to grasp the work of checking unhealthy trends well from start to finish, the provincial Discipline Inspection Commission set forth four demands on the various localities and departments:

1. We should enhance our understanding and strengthen leadership. Units undertaking the party rectification tasks should grasp the checking of unhealthy trends as one of the important aspects of endeavour in party rectification. Units which have completed their party rectification tasks should include such work in their tasks of conducting education on party spirit among party members. The financial, auditing, labor, and personnel affairs departments should continue to display their functional role, strengthen supervision and firmly grasp implementation.
2. We should manage things strictly in accordance with policies and carry out instructions to the letter. All problems which should be corrected in line with policies must be corrected. No person is permitted to set up his own regulations and to go his own way.
3. We should integrate the efforts of departments and regions and make them jointly assume responsibilities.
4. We should do a good job in inspections and summing-up work and [word indistinct] carry out the work well from start to finish. The party and government organs and establishments in the various localities which had basically completed the work of recalling illegal bonuses, materials, and subsidies should organize strength to conduct spot checks and should strictly handle cases of practicing fraud and withholding the truth. As for serious cases, the unit leaders and the persons concerned should be called to account.

CSO: 4006/63

ECONOMIC MANAGEMENT

JOURNAL ON LOCAL MANAGEMENT OF ELECTRIC POWER

HK100203 Beijing JINGJI GUANLI in Chinese No 8, 5 Aug 85, pp 30-31

[Article by the "three electrics" office of Shanxi Province: "On the Local Management of the Consumption of Electric Power Under Large Electric Networks" edited by Zhang Hanya [1728 3352 0068]]

[Text] The vigorous development of national large electric power networks, with the State exercising centralized and unified control and management of electric power, is an important landmark for our electric power industry, entering a new stage of development since the 3d Plenary Session of the 11th CPC Central Committee. It is also an important accomplishment in our country's scientific and technical development. The actual results already obtained have attested to the correctness and necessity of the development of national large electric power networks. Development of national large electric power networks also demands that the local electric power networks and the large and medium power plants, under separate control of the various provinces and municipalities in accordance with the demarcation of administrative regions, be gradually centralized under the unified control of the Ministry of Water Resources and Electric Power. Enforcement of vertical control in administration and in business headed by the Ministry of Water Resources and Electric Power means that the various levels of power organs, originally subordinated to the localities, can now play their local functional role only in respect of the control and management of the use or consumption of electricity. With the changes made in the electric power management structure following the centralized management of electric power networks, the formation of a whole and integrated management structure urgently requires the study and solution, in theory and in practice, of the problem of how the localities should manage the consumption of electric power. If this problem is not properly solved and the centralized management of electric networks comes to the point where the Ministry of Water Resources and Electric Power unilaterally takes charge of power administration and management, or if it becomes an electric power administration structure with control and consolidation extending all the way from top to bottom, then the consequences may be against our wishes and the full display of the superior nature of the centralized management of electric networks will be impeded. It may possibly happen that because of the changes in the structure of management, the contradictions between supply and demand of electric power may be aggravated. Hence, it is extremely important that, in the centralized management of electric power networks, close attention be

paid to the role that should be played by local management of the consumption of electric power, and also to the importance of fully arousing the initiative of the localities in electric power management by clearly demarcating and defining the duties, rights and benefits of the parties concerned. The best solution is enforcement of the system of "localities at various levels managing electric power affairs under the guidance of large electric power networks centrally controlled by the State."

The necessity of electric power administration by localities at various levels.

1. From the electric power standpoint, localities at various levels must have the authority to administer electric power affairs.

Under the unified leadership of the Central Government, local governments at various levels have the important tasks of organizing and administering the development of the national economy in their localities. Electric power being one of the important energy sources of the national economy, it is an indispensable and important component in the overall balance of the national economy. Therefore, following the inclusion of local power networks in the national plan, the State should give the localities part of the responsibilities, power, and benefits from administering and using electric power well, thus enabling them to fulfill the tasks of organizing and administering the national economy in the localities. If not, and if the localities lack the power to administer electric power affairs, this would cause great inconveniences to the administration of the national economy on the part of the localities.

Administration of electric power affairs is related to various industries and trades and to tens of thousands of families and homes. Only through relying on local governments at various levels to organize and mobilize the forces of society and being concerned with the rational consumption of electric power, is it possible to administer electric power affairs well and use electric power well and to achieve good economic results.

2. Viewed from the special characteristics of electric power generation and administration, it is also necessary to pay close attention to the system of electric power administration by localities at various levels.

The generation and consumption of electric power usually takes place at the same time. Electric power cannot be stored up, but it is possible by means of high-tension wires to transport electric power thousands of kilometers. This special feature of electric power determines the objective demands for developing national large power networks and the necessity of realizing the centralized control of power networks. However, electric power is consumed by thousands of families and homes and various industries and trades. This special feature determines that administration of electric power must of necessity be in a diversified and dispersed manner. "Control of power networks is centralized but use or consumption of electric power is scattered and decentralized." This is a correct and overall understanding of the generation and administration of electric power and emphasis on any one side alone is not enough. Hence, following the centralized control of power networks by the State, the necessity of relying on the localities at various levels to take good care of the administration of electric power affairs naturally follows in sequence.

Electric power networks are principally related to the power generation departments and the parties using or consuming electric power. Unavoidably, problems or contradictions will arise between these two sides, such as the supply side stopping power generation and the user side consuming excessive electric power, or constantly varying the level of power consumption. Apart from the two sides adopting various economic measures such as signing agreements for the supply and consumption of electric power, under present conditions, it is still necessary to rely on local governments at various levels to oversee by administrative means. Local government departments should, in accordance with local plans on the consumption of electric power, carry out effective supervision over, and coordination between, the units supplying electric power and the units using electric power in the power networks, restricting and facilitating the two sides of supply and demand and correctly performing the job of constantly adjusting surpluses and shortages in supply, and achieving an overall balance. This is important work which should not be overlooked when correctly performing the job of centralized control of power networks.

3. Viewed from displaying the superiorities of the localities, enforcement of the administration of electric power affairs by the localities at various levels is absolutely necessary.

Many localities possess the necessary conditions for the vigorous development of the electric power industry. We should, on the precondition of bringing the initiative of the central government and that of the localities into full play and by means of the management of electric power affairs by the localities at various levels, allow the full display of the superiorities of the localities. We should also, taking into consideration the macroeconomic results, employ the method of having the localities raise the needed funds, and, suiting measures to local conditions, develop fuel-power and hydro-power plants and stations, serving the needs for electric power of the large numbers of peasant households, small chemical fertilizer plants, small building materials plants in the localities, and supplying power to the electric power networks. This is highly beneficial to invigorating the whole national economy, developing local industrial and agricultural production, particularly speeding up the realization of rural electrification, increasing the fiscal revenues of the state and of the localities, solving the employment problem of the localities and the problem of the localities in rendering aid to the power networks, and moderating and lessening the stringency in the supply of electricity.

In carrying out the organizing work of the administration of electric power affairs by the localities at various levels, the problems urgently awaiting solution are as follows:

To perform a good job in the administration of electric power affairs by the localities, specialized organs are needed. At present, localities at various levels have followed the relevant stipulations of the State Council and formed various levels of "three electrics" (a brief term for planning electricity consumption, practicing savings in electricity consumption and the general populace engaging in the electric power projects) offices. These offices are responsible for carrying out the "three electrics" work at various levels and

have achieved certain results. However, following the changes made in the structure of the electric power industry consequent upon the centralized administration of electric power networks, disputes have arisen on how best to formulate the structure of the "three electrics" offices. In certain provinces and municipalities, a good solution has not yet been found. In general, there are three alternative measures:

Measure No. 1: Organizing and forming "three electrics" offices, with the economic committees at various levels as the principal part; concurrently performing the dual functions of the localities and of the electric power departments; enforcing a structure of "one signboard; two functions," copying the organization pattern of the electric power departments but under the leadership of economic committees at various levels.

Measure No. 2: The sections on power consumption in electric power departments replacing "three electrics" offices, making the "three electrics" offices a constituent part of the sections on power consumption in electric power departments. In other words, enforcing a structure of "one staff; two signboards." Internally, the structure is part of the section on power consumption in the electric power department. Externally, it is the "three electrics" office of the economic committee.

Measure No. 3: Organizing and forming "three electrics" offices, or electric power allocation offices, under the direct leadership of the economic committees. The organization form of a business unit may be adopted. By means of internal sections separately taking charge of supervising savings in power consumption, matters of enquiries and rendering services, the offices are to be run as enterprises, earning a portion of the funds needed by the "three electrics" offices.

The above three alternatives have advantages and disadvantages. In our opinion, measures nos. 1 and 3 are relatively more preferable but measure no. 2 is definitely not suitable. This is because the sections on power consumption in electric power departments can hardly perform the functions of "three electrics" offices. For example, "three electrics" offices must act according to the power-consumption plans of the localities, and must effect coordination between, and exercise supervision over, power networks and power consuming units. A power consumption section, being a unit of the electric power department, is not suited to this task since it is unreasonable for the electric power department to exercise supervision over itself. Within the confines of a certain locality, hydropower and fuelpower needs to be coordinated, surplus and shortage of electric power needs to be adjusted, while adjustment must be made between the various industries and various trades. This is hardly a job which the electric power department can perform well. Moreover, the local economic committees of certain provinces have already unanimously voiced their opposition to the method of the sections on power consumption of electric power departments, replacing the "three electrics" offices. "Three electrics" offices are under the leadership of economic committees at various levels. Since these various economic committees are opposed to this arrangement, then this measure should be put aside for the moment. Comparatively speaking, it is better to adopt measure no. 1 and measure no. 3. Or, let measure no. 1 be

adopted first and a transfer to measure no. 3 be gradually effected. This is mainly because these two measures conform with the special features of electric power administration and generation, can satisfy the common demands of the localities and the electric power departments, tally with the spirit of the reform, and facilitate the separation of government from enterprise functions.

CSO: 4006/114

ECONOMIC MANAGEMENT

BRIEFS

SHANDONG LATERAL ECONOMIC TIES--Shandong Province has vigorously developed lateral economic ties. Statistics released by some major cities such as Jinan, Qingdao, Weifang, and Zibo alone show that they have more than 510 economic associations of various categories. More than 2,000 enterprises have participated in these economic associations. [Summary] [Jinan Shandong Provincial Service in Mandarin 2300 GMT 30 Sep 85 SK]

TAX OFFICE OUTPOSTS CURBED--The Regional People's Government recently issued a circular stating: So as to facilitate the development of pig production, it is not permitted to indiscriminately set up tax office outposts which hinder the circulation of pigs as a commodity. The circular points out: Except for inspection stations whose establishment is expressly permitted, no places, departments, and units are permitted to set up various tax offices and inspection stations without authority. All those which have already been set up must be abolished. All pigs transported to our region for sale, and 11 pigs which our region buys from other provinces, together with quarantine certificates must not be held up by places, departments, and units. They are also not allowed to levy various charges. When units and individuals in the region who engage in the pig business buy pigs in counties and cities in the region, apart from purchase or product taxes levied by the places of production in accordance with regulations, no other charges should be imposed. The industrial and commercial administrative departments in all places must strictly collect market management charges in accordance with the relevant regulations of the State Council and the Regional People's Government. They are not allowed to expand the scope of collection, or to increase the amount, without authority. [Text] [Nanning Guangxi Regional Service in Mandarin 1130 GMT 6 Oct 85 HK]

CSO: 4006/114

FINANCE AND BANKING

NATIONAL FINANCIAL IMPROVEMENT SUMMARIZED

Beijing JINGJI RIBAO in Chinese 14 Sep 85 p 1

/Article: "China's Financial Condition Improving Rapidly; Revenues Increasing Steadily, Expenditures Enlarging Gradually, Deficits Decreasing Dramatically"/

/Text/ A recent press release from a chief official of the Ministry of Finance to Jingji Ribao reporters stated: China's financial condition is improving rapidly, and state financial deficits have dropped dramatically during recent years. The official pointed out that the rapidly improving financial condition is shown in five key aspects.

1. State Revenue Turns from Decreasing Year after Year to Growing Steadily

From 1979 to 1981 a considerable amount of state funds was used especially to solve the long-term problems left over from the 10 years of upheaval, so that state revenues appeared temporarily to be decreasing year after year. With the thorough implementation of the policy of "readjusting, restructuring, consolidating, and improving," and a series of measures adopted by the central authorities, the state revenues have turned from declining to rising since 1982. On the basis of steadily developing production, state revenues for 1982 increased 6.6 percent over the previous year, in 1983 they again increased 11.7 percent over the previous year, and in 1984 increased 21.1 percent which, according to comparable specifications, was an increase of 14 percent, meets ahead of schedule the 1985 target set by the Sixth 5-Year Plan. Calculating according to comparable specifications, the state revenue in January through August of this year increased 21.8 percent over the same period last year.

2. State Expenditures Expanding Gradually, Expenditure Structure Having Improved

In 1981, in order to further readjust the economy and reduce financial deficits, the state had to cut capital construction appropriations and national defense expenditures. Later, with the gradual improvement of financial conditions, these expenditures started rising again. Especially from 1982 on, for the purpose of centralizing financial resources and

material resources in order to ensure priority construction, the state finance adopted a series of measures for funding which further enhanced priority construction such as energy, transportation, and so on. Expenditures for education, cultural and sanitation are increasing year by year. Expenses for educational undertakings increased an average of 14.5 percent annually from 1979 to 1984, which is far over the annual average growth rate of 5.7 percent for total state expenditures for the same period. Since the 3rd Plenum of the 11th CPC Central Committee, the distribution of state expenditures has adhered to the principle of assuring key projects and also giving consideration to non-priority projects, so the expenditure structure is becoming more reasonable. More than 70 percent of the 6 years' total financial expenditures were spent on economic construction and social, cultural and educational programs. Basically the requirements for developing various state construction projects have been met.

3. After State Readjustment of the Accumulation/Consumption Ratio, Urban and Rural Living Standards Have Constantly Improved

Since 1979, while cutting back on capital construction investments greatly improved the proportion of consumption in national income. In rural areas, through a large increase in the purchase prices of agricultural by-products and a reduction in or exemption from some taxes, peasant income has increased on the basis of production development. In 1984 the net income of peasant families calculated by average population increased 166 percent over 1978. In cities, by arranging for employment, increasing workers' wages, and implementing incentive systems, urban living standards for workers have improved. For urban worker families, the annual average per-capita income applicable to living expenses in 1984 increased 92.4 percent over 1978. Because urban and rural living standards are gradually rising, personal savings have grown rapidly. Savings account balances for urban and rural residents throughout China were 4.8-fold higher in 1984 than in 1978 for an annual average growth rate of 33.9 percent.

4. Through Preliminary Restructuring, Local Units and Enterprises Have Gained More Power, and Enthusiasm to Increase Income and Reduce Expense Has Been Stimulated

Starting from 1980, the state implemented the financial system of "classifying contracts according to income and expenditure," starting from 1985, further implemented the system of "differentiate various kinds of taxes, determine and ratify income and expense, and assign contracts accordingly". Starting from 1978, the state implemented the two-stage reform concentive namely retention of a percentage of profit, responsibility for profit and loss, and substitution of taxation for profit intention for state-operated enterprises. At the same time, the state gradually implemented the policies of issuing loans to capital construction units instead of allocating funds, to assigning budgetary responsibility to administrative units, and substituting tax payment for profit delivery, so that the financial power of the local units and enterprise units was enlarged

and their financial flexibility enhanced. State-operated enterprises earned shared profits totalling 125.5 billion yuan during the period 1979 to 1984, including 35 billion yuan for 1982, an 11.7-fold increase over 1978.

5. Financial Deficits Fell and a Balance of Revenue and Expenditure Was Attained for 4 Consecutive Years

Large deficits in state finances prevailed during 1979 and 1980, but in 1981, 1982, 1983 and 1984 basic financial equilibrium was maintained.

A leading official of the Ministry of Finance emphasized that although China's financial condition is improving rapidly, this does not mean that all financial problems have been resolved. The following are the major existing problems: though economic results have improved, they still have not reached the ideal; there is much untapped potential for improving results and increasing income: state subsidies are considerable and central finances are in some difficulty; since the overall restructuring of the economic system, certain measures have not been properly pursued, and some funds are still decentralized. We have to focus on these problems, and not be unduly optimistic because of this good situation and must not lower our guard. We must improve economic forecasting and overall balance, adhere to the principle of doing what we are capable of, ensure a balance of income and expenditure, provide continued national economic stability, and advance in harmony.

13063
CSO: 4006/970

FINANCE AND BANKING

FINANCIAL REVENUES INCREASED DURING SIXTH 5-YEAR PLAN PERIOD

SK120153 Shijiazhuang Hebei Provincial Service in Mandarin 2300 GMT 30 Sep 85

[Text] During the Sixth 5-Year Plan period, our province gradually increased its financial revenues. In 1983, our province began to end the situation in financial revenue decline in the early period of readjustment. In the following few years of readjustment, fairly large increases were marked in financial revenues. It is estimated that total financial revenues in 5 years will reach 18.84 billion yuan, overfulfilling the Sixth 5-Year Plan by 14.4 percent, showing an annual increase of 6.1 percent.

During the Sixth 5-Year Plan period, our province's commercial and trading units conscientiously implemented the policy of invigorating the domestic economy and opening to the outside world, eased the economic policies, reformed the circulation structures, and enabled the urban and rural markets to become brisk and prosperous day by day.

By the end of 1984, the province as a whole had more than 550,000 retail commercial, catering, and service organs with a total employment of more than 1.36 million persons. Compared with 1980, the number of organs increased by 3.4 times, and the number of personnel increased by 1.9 times. The development of individual households in particular was the fastest. In 1985, the total net value of commodity purchases of the province's state and cooperative commercial units is expected to increase by 67.6 percent over 1980. The volume of purchases of major commodities such as grain and edible oil, increased by more than 100 percent. The purchase volume of cotton increased by nearly 3 times and that of sewing machines, bicycles, watches, woolen goods, silks and satins, increased from 1 to 4 times. The purchase volume of some household electric appliances such as television sets and cassette recorders, also showed a rapid increase. The purchasing power of the people increased remarkably and the retail sales of commodities increased by a large margin. Foreign trade was further expanded. In 1984, the amount of foreign exchange earned from exports increased 12 percent over the previous year, and the total volume of imports increased by 27.3 percent. Certain achievements were also made in using foreign funds.

CSO: 4006/114

FINANCE AND BANKING

STATE COUNCIL PROMULGATES INTERIM BONUS TAX LAW

OW051213 Beijing XINHUA Domestic Service in Chinese 0103 GMT 4 Oct 85

[Text] Beijing, 4 Oct (XINHUA)--The State Council recently notified all regions and departments that, beginning fiscal year 1985, they should observe the "Interim Regulations for Institutions' Bonus Tax" it promulgated not long ago.

The main points of the regulations are as follow:

1. The state will no longer allocate a budget to an institution which operates like an enterprise. Tax will be exempted for the raised pay, and for the bonuses--if the total amount does not exceed 3 months' standard pay per head annually--issued by an institution approved by the higher authorities and the Ministry of Finance to carry out wage reform with its own funds, in accordance with the standard for wages and wage increases set by the state, province, autonomous region, or municipality directly under the central government. The portion of bonus exceeding the tax-free amount will be taxed according to the tax rates applicable to a state enterprise.
2. Tax will be exempted for the raised pay and bonuses--if the total amount does not exceed 2.5 months' standard pay per head annually--paid by an institution which requires partial state support for its budget, and which carries out wage reform with its own funds, according to the standards for wages and wages increases set by the state, province, autonomous region, or municipality directly under the central government.

Tax will be exempted for the raised pay and for bonuses not exceeding 1.5 months' standard pay an institution which carries out wage reform, partly with its own funds and partly with funds appropriated by the state. The portion exceeding the tax-free amount will be taxed according to the tax rates applicable to a state enterprise.
3. When the total amount of per capita bonuses issued by an institution, which relies on the state for its budget and which carries out wage reform with budget appropriated by the state, exceeds the approved limit, it will be taxed according to the tax rates applicable to a state enterprise.

4. Taxable bonuses issued by an institution include the amount of wage and bonuses exceeding the wage standards set by the state. This includes bonus-type salaries, allowances, subsidies, and bonus in kind, defrayed by the institution's revenue.
5. The monies an institution pays as taxes, fines, surcharge for overdue tax payment will all be defrayed from the bonus funds withheld from its revenues.
6. The bonus tax paid by an institution will be collected and managed according to the "Interim Regulations for State Enterprises' Bonus Tax."
7. Basic pay includes base pay, post differential, length of service allowance (including allowance for length of teaching or nursing service), and regional differential.

CSO: 4006/114

FINANCE AND BANKING

ICBC OFFICIAL REPORTS ON LAST-QUARTER FUNDS

OW160853 Beijing XINHUA in English 0813 GMT 16 Oct 85

[Text] Beijing, 16 October (XINHUA)--The Industrial and Commercial Bank of China (ICBC) will provide timely and necessary funds for the country's industrial and commercial enterprises for their normal operations in the fourth quarter of the year, according to a senior official of the bank.

Huang Yujun, deputy president of the ICBC told a national meeting of local branch heads, which opened yesterday, that major items to receive priority in financial support include export products, energy and communications projects, and purchase of major farm produce, fine-quality and famous-brand products and items urgently in demand.

In the last quarter of the year when the need for funds will be more concentrated and in large quantity, all local branches should supervise enterprises to clear stocks so as to expand financial sources, the deputy president urged.

He also demanded strict control of loans for enterprises growing at an excessive speed and enterprises losing money because of poor management.

Huang expressed his satisfaction over the bank's work in the first nine months of the year.

Between January and September, the bank took in savings deposits totalling 17.5 billion yuan, 4.4 billion yuan more than in the same period of last year, and 10 percent more than the annual planned figure of 15.9 billion yuan. Of the total deposits, fixed ones account for 78 percent.

The People's Bank of China, the central bank, raised the interest rate on fixed deposits twice this year.

One month after a national meeting on savings held by the ICBC in August, 7,680 savings agencies and 130 savings banks were added. The ICBC also organized 1,780 mobile teams to go from door to door to serve those who want to open savings accounts, Huang revealed.

In the first nine months of this year, the bank not only controlled but also provided sufficient funds for industrial production and commerce. During this period, loans provided amounted to 15.9 billion yuan.

ICBC is a state bank specializing in industrial and commercial credit and urban savings. The savings deposits of the bank make up over half of the country's total, and in loans it ranks the first in the country.

CSO: 4020/34

FINANCE AND BANKING

CONCEPTS ON SETTING UP NEW SOCIALIST FINANCIAL SYSTEM

Beijing ZHONGGUO JINRONG [CHINA'S BANKING] in Chinese No 7, 7 Jul 85 pp 31-32

[Article by Lu Zhihong [7627 1807 1347]: "Concepts on the Establishment of a New Socialist Financial System"]

[Text] Our financial system has played a useful role in the course of our socialist revolution and construction since the establishment of the republic. With the development of our socialist commodity economy, however, the weaknesses of the system have become increasingly obvious. The major weaknesses are: The overconcentration of control is identical to the development of the socialist commodity economy; all credit funds are concentrated in the banks and no provision is made for commercial and consumer credit loans and the extension of loans to the people; lateral financial accommodation is not permitted among individual and collective economic organizations and state enterprises; all financial institutions (excluding credit cooperatives in the rural areas) are without exception under the system of public ownership; the incoming and outgoing flow of funds among the banks is operated under the unified receiving and disbursement management system allowing no payment for the transfer of funds; the low interest rate and the limited types of interest paid by the banks have made it impossible for them to use the interest rate as an economic lever to regulate the flow of funds.

Since the 3d Plenum of the 11th CPC Central Committee, a start has been made to introduce certain reforms in the financial system. For instance, attention has been directed toward the development of credit loans and the interest rate as levers in the readjustment of the economy; certain readjustments and reforms have been introduced to the financial management and the management systems; experiments on a limited scale have been conducted on the adoption of various forms of credit and various means for the extension of credit; certain flexible and adaptable measures have been adopted for the management of cash. Only a start has been made in bringing about such readjustments and reforms. Following the establishment of the People's Bank and the Industrial and Commercial Bank, a financial system formed largely by specialized banks centered around the Central Bank has taken shape and been established on a tentative basis.

The present financial management system, however, remains unitary in character. It is a management system providing guidance from top to bottom for the

distribution and management of funds. With the development of the socialist commodity economy, the socialization of production and the overall reform of the economic management system, the existing financial management system cannot as yet meet the needs of the situation. The reasons are: (1) The independent producers of commodities and the people engaged in such operations, in their capacity as legal persons similar to that of the enterprises and having as they do autonomous powers in making investments and raising funds, are certain to change the direction of their investments in competing for production and to channel their funds to the departments offering higher profits and more economic benefits, thus creating a conflict with the highly centralized financial management system. (2) Although with the development of commodity production and the emergence of an integrated economy that cuts across the regions, there is an urgent need for the departments and business to establish lateral ties in the movement of funds, the existing financial system, based mainly on dealings between higher and lower levels, is ill-suited to the development of the socialist commodity economy. (3) With the emergence of a situation characterized by the coexistence of various economic forms, the circulation of commodities is being developed along a multiplicity of channels where the number of links is at a minimum. The expansion of the scale of production, the increasing degree of specialization and the mutual accommodation in the supply of funds have created a situation calling for the vertical and horizontal crisscrossing of dealings, which in turn call for the establishment of a system providing for financial accommodation for the convenience of each and every commodity producer. The credit system currently adopted by the unitary state banks is, however, incapable of meeting the needs for economic development. (4) The existing financial and control and regulatory systems, which remain largely centralized and administrative and mandatory in nature, are incapable of serving as a macroeconomic regulating lever, of transmitting economic information promptly and of reacting to and regulating the increasingly intricate commodity economy in a rapid, integrated and accurate manner.

It is not difficult to see that the existing banking management system is being put to a severe test by the development of the commodity economy. We should take advantage of the circumstances to establish a unified socialist financial system with the state banks as its mainstay, and the coexistence of various kinds of financial institutions and organizations. This new socialist financial system, brimming with vitality and vigor, will serve to promote the positive attitude of the Central Bank, the specialized banks and the various financial institutions and to promote the development of the commodity economy, the modernization of socialist construction projects, the development of the basic aspects of the economy and the establishment of a socialist financial market.

Since there is no readymade pattern for the establishment of a new socialist financial system with Chinese features, one has to be devised through a process of probing and experimentation. The decision made at the 3d Plenum of the 11th CPC Central Committee to reform the economic system has served as an impetus to the people concerned to direct their efforts toward the establishment of a new socialist financial system. For instance: (1) Plans have been made in various localities for setting up investment companies to raise funds through the issuance of stocks and bonds. (2) The collective, local and business financial organizations and institutions have emerged to play their role as

local banks. (3) Commercial credit loans and loans extended to the people have increased in scope and the means for the extension of credit have proliferated. (4) As the need for the development of the domestic financial market becomes better known, the need has arisen for new venues and methods for the people to raise funds. (5) The commercialization of housing, the raising of mortgage loans for buying houses and the installment-payment system have come into being. (6) The national treasury has issued treasury bonds as a means for raising funds. (7) Such cities as Shanghai have begun to engage in discount note operations on a trial basis while preparations are being made by certain regions to set up stock exchanges. (8) The banking system in the Shenzhen SEZ has undergone a new change. The crisscrossing of banking operations and competition among the banks are likely to turn the banks gradually into economic entities truly engaged in monetary operations. Although only a start has been made in probing into these measures, the first step has to be taken to negotiate 1,000 li. So long as we adhere firmly to the line, the principles and policies of the 3d Plenum of the 11th CPC Central Committee in bringing about reforms there is no question but that a new way will be found to establish a socialist financial system with Chinese features.

It goes without saying that the reform of the financial system must be undertaken with care and in a deliberate manner if it is not to result in a state of confusion. The issuance of negotiable securities, for instance, must go through the process of appraisal and approval and be subjected to the restraints imposed by a series of control regulations and the state banks must exercise their functions of control and management. Without such restraints, the functions of the banks in the raising and distribution of funds are likely to be weakened. In other words, the establishment of a new socialist financial system calls for the establishment of a solid foundation and the adoption of vigorous control measures. For that reason, the leading position of the People's Bank in the banking system must be affirmed so that it may be able to play its full role as a central bank. At the same time, efforts should be made to perfect the financial management system and to formulate financial laws and regulations. It is only thus that, through the Central Bank, the state will be in a position to strengthen its unified control and centralized leadership over the specialized banks and the collective and privately operated financial organizations and that the principles and policies of the party and the state and the overall balance of the credit loan plan can be implemented. The policy of further opening up to the outside world and of invigorating the domestic economy calls for the further strengthening of macroeconomic control and centralized and unified leadership. That is the basic purpose for the establishment of the Central Bank. The task at hand is to bring about a change in the method and the system of management and the workstyle under new historical circumstances. That calls for the establishment of a close and organic integration of administrative and economic measures. Control must be tightened or relaxed as warranted by the situation. Strict control must be exercised and disciplinary action taken over operations and activities which are prejudicial to the interest of the whole and which tend to disrupt the financial market.

Experience has shown that by maintaining the leading position of the state banks, by strengthening the functions and the role of the Central Bank, by consolidating

control over and perfecting the socialist financial system and by ensuring the overall balance of the credit plan, it will be possible to maintain the stability of the socialist financial market, to enliven the various financial organizations under the leadership and control of the Central Bank and to turn our banks into a truly new, unified and flawless socialist financial system.

9621

CSO: 4006/946

FINANCE AND BANKING

QINGHAI RADIO COMMENTARY ON DOING WELL IN TAX COLLECTION

HK200851 Xining Qinghai Provincial Service in Mandarin 2330 GMT 18 Sep 85

[Station "Short" commentary: "Stop Up Loopholes and Strive to Do Well in Tax Collection"]

[Text] In the first 8 months of this year, our province fulfilled 88.7 percent of the quota for collecting industrial and commercial taxes for the year. The situation is very gratifying. However, we must see that there are still many obstacles to the work of tax collection. There are many loopholes in the collection and management of taxes and tax evasion is relatively serious. Some units and departments have not supported tax departments in collecting taxes and have been reduced and remitted taxes ultra [word indistinct]. This is very wrong.

Responsible comrades of the State Council have stressed on many occasions that it is necessary to get rid of the deficit this year and to ensure a balance of revenue and expenditure, and that we must not prepare a deficit budget next year. To balance revenue and expenditure, we must strive to do well in tax collection. The industrial and commercial taxes collected in our province exceeded the quota by 40 million yuan and was an overfulfilled part of the national quota. Striving to overfulfill the quota plays an especially important part in balancing state revenue and expenditure, particularly in guaranteeing the reform of wages and commodity prices in our province. Therefore, all prefectures and departments must not take only partial and local interests into consideration and must not disregard the interests of the whole. We must understand that the economy in all places cannot develop without the support of the state and of all other places. If there are no communications and energy resources supplied by the state, and if there are no raw materials provided by other places and no markets in other places, no places and enterprises can develop their economy well.

The collection of taxes by the tax departments in accordance with the law is a duty vested in them by the state and must be supported. Leaders at all levels must take measures to curb the unhealthy trend of tax evasion, must strive to do well in tax collection, and must contribute toward a balance of revenue and expenditure in our province this year.

CSO: 4006/62

FINANCE AND BANKING

MOBILIZATION MEETING ON FINANCIAL, TAXATION EXAMINATION

HK200829 Xining Qinghai Provincial Service in Mandarin 2330 GMT 18 Sep 85

[Text] According to QINGHAI RIBAO, yesterday morning the provincial people's government held a mobilization meeting at the provincial people's auditorium on conducting examination of tax collection, financial affairs, and commodity prices in the Xining area.

At the meeting provincial Vice Governor Bian Yaowu made a mobilization report. Provincial Governor Song Ruixiang delivered an important speech on reducing administration on costs.

The governor pointed out that in the next 100 [word indistinct] is necessary to firmly grasp the work of increasing revenues and reducing expenditure, so as to maintain a balance between revenues and expenditure for this year. To attain this target, it is necessary to firmly grasp the following four tasks:

1. It is necessary to do our utmost to upgrade and improve the business management of enterprises, to raise economic efficiency, and to make contributions to greater financial income.
2. It is necessary to properly arrange tax collection work.
3. It is necessary to control the level capital construction, to curb excessive growth of consumption funds, and to control the release of loans.
4. It is necessary to reduce administration costs.

Comrade Song Ruixiang laid particular stress on the fourth task. He pointed out that the province's administration costs have increased year by year, so it will be an urgent and arduous task to the administration costs by 10 percent. He demanded that all areas and departments immediately go into action and firmly and properly grasp the work of reducing administration costs.

CSO: 4006/62

FINANCE AND BANKING

YUNNAN RELAYS MINISTRY CIRCULAR ON ARBITRARY BONUS PAYMENTS

HK230815 Kunming Yunnan Provincial Service in Mandarin 1100 GMT 19 Sep 85

[Text] The tax and finance inspection office of the provincial people's government recently relayed a circular of the Ministry of Finance on resolutely preventing the malpractice of arbitrarily issuing bonuses, allowances and material goods under the pretext of celebrating festivals. It demands that all areas, departments, and units in the province earnestly implement the circular and properly do preventive work so as to effectively control excessive growth of consumption funds and stabilize the market.

The circular points out that in the second half of this year, reform of the wage system will be carried out in an all-round way, consumption funds will increase, and more currency will be put into circulation. In addition, there will be the mid-autumn festival and national day in September and October. In order to prevent the malpractice which occurred in the second half of last year, of arbitrarily issuing bonuses and allowances and wantonly issuing material goods, such as mooncakes and nonstaple food, under the pretext of celebrating a festival, the circular demands that all areas properly carry out the following four tasks:

1. All areas, departments, and units must act upon the policies and regulations stipulated by the state in issuing bonuses, allowances, and material goods. No administrative organs, enterprises, or institutions allowed to arbitrarily issue bonuses, allowances, and material goods to staff members and workers under the pretext of celebrating a festival or using other excuses. Nor are they allowed to issue material goods to staff members and workers free of charge or at low prices, by using public funds to make up price differences, or to invite others to dinners or present others with gifts by using public funds. It is necessary to curb and malpractice of secretly sharing welfare funds under all sorts of pretexts and in various abnormal ways.

2. Except for the uniforms made in accordance with the prescribed requirements and approved by the State Council, no administrative organs, enterprises, or institutions are allowed to use public funds to make uniforms for staff members and workers or to issue uniform allowances to them. No areas or departments have the right to decide uniform issue by themselves.

3. Those who violate the above regulations must be dealt with as persons in violation of financial and economic discipline. Those who bear direct responsibility for the violation must be punished economically or given disciplinary treatment according to the seriousness of their mistakes. In the meantime, it is necessary to investigate and affix the responsibilities of the leaders concerned.

4. Leading cadres at all levels must set an example and take the lead in implementing the circulating, financial, auditing, labor, and personnel departments at all levels are requested to strengthen supervision and inspection and to immediately solve the problems which are discovered. Banks at all levels are requested to strictly control cash and to refuse to issue payment for any abnormal expenses.

CSO: 4006/62

FINANCE AND BANKING

SHANDONG URBAN, RURAL PEOPLE INCREASE INCOME

SK020617 Jinan Shandong Provincial Service in Mandarin 2300 GMT 1 Oct 85

[Text] During the Sixth 5-Year Plan period, the urban residents of our province improved their living standards by a large margin. Encouraging changes took place in their consumption standards. Last year, the average per capita income of the urban residents for living expenses reached 600 yuan. This year, the average per capita income for living expenses is expected to reach 760 yuan, an increase of 83.2 percent over 1980. If the rise in the commodity prices is factored in, the actual average annual increase is 9.9 percent. This is our province's best period with the fastest income increase on the part of the urban residents since the founding of the PRC.

The great income increase of our province's urban residents was resulted from our efforts to correctly implement the line, principles, and policies defined since the 3d Plenary Session of the 11th CPC Central Committee. Over the past 5 years, while vigorously organizing economic construction, the state has raised the wages of the staff members and workers of all trades and professions. Furthermore, the institution of the economic responsibility system and the implementation of the principle of distribution according to one's work have enabled the workers to receive more bonuses. Along with income increases, a series of changes have also emerged in the consumption structure of the urban residents. In food consumption, the consumption of nonstaple foods and other nutritious foods has increased annually. In clothing, the clothes of the people have changed from low-grade and unitary ones into medium-and high-grade and diversified ones. The former four major products such as bicycles, sewing machines, watches, and radio sets have been popularized. The latest four major products such as television sets, cassette recorders, electric fans, and washing machines have increased by several times in number as compared to 1980.

This year, the average living space for each urban resident is expected to reach 7.1 square meters. The housing quality has also improved obviously. During the Sixth 5-Year Plan period, the spending of the urban residents for cultural and recreational purposes also increased by 100 percent.

During the Sixth 5-Year Plan period, the income of peasants in our province increased remarkably. According to a sample survey among the rural residents,

in 1984, the average per capita net income of the peasants in the province was 404.2 yuan, an increase of 1.1 times over 1980. The average annual increase was 20.1 percent, which greatly exceeded the rate of annual income increase of 12.5 percent on the part of peasants as projected in our province's Sixth 5-Year Plan.

The main characteristics of our province's peasant income during this period were:

1. The average per capita net income of peasants increased rapidly and greatly. In the first 4 years of the Sixth 5-Year Plan period, the average per capita net income of peasants showed a gross increase of 209.9 yuan, which was 75.8 yuan more than the average per capita gross income increase of peasants in the past 28 years from 1952 to 1980.
2. The increase in the income from productive labor was faster than that from nonproductive labor.
3. The proportion of high-income households increased, and the proportion of low-income households decreased. Comparing 1984 to 1980, the number of households with an average per capita net income of less than 200 yuan dropped from 58.1 percent to 4.4 percent. The number of households with an average per capita net income of more than 500 yuan rose from 1.8 percent to 24.2 percent. About 3 percent of these households had an average per capita net income of more than 800 yuan.
4. The difference in income between peasants and workers narrowed. The ratio of difference in income was reduced from 1 to 2.1 in 1981 to 1 to 1.6 in 1984.

CSO: 4006/62

FINANCE AND BANKING

GUANGDONG ISSUES CIRCULAR ON INCREASING REVENUE.

HK230409 Guangzhou Guangdong Provincial Service in Mandarin 1000 GMT 19 Sep 85

[Text] On 17 September, the provincial people's government issued an urgent circular urging all localities to firmly grasp the work of increasing revenue and cutting expenditure, and to strive for a balance between revenue and expenditure in the province.

The circular pointed out: Since the beginning of this year, the province's financial situation has been a good one. However, the development is not even and the growth of expenditure has outweighed that of revenue. In order to strive for a balance between revenue and expenditure in the province, and to get rid of the deficit, the governments at various levels and the departments concerned must resolutely implement the relevant instructions of the leading comrades of the State Council, and firmly grasp the task of increasing revenue and cutting expenditure so as to balance the revenue and expenditure.

The circular urged: We must strictly control the expenditure and implement down to every level, the expenditure quota assigned by the provincial authorities. Nobody is allowed to exceed the expenditure quota. In connection with the regulations for the new financial management system, we must efficiently handle the problem of collecting revenue for the state treasury.

In its conclusion, the circular urged all departments and units to resolutely implement the circular of the provincial people's government on eliminating and reorganizing extra-budgetary enterprises. They should also seriously carry out a full-scale examination on tax collection and financial matters. They should also prohibit the practice of arbitrarily giving bonuses or payment in kind during festivals.

CSO: 4006/62

FINANCE AND BANKING

GUANGXI HOLDS ACCOUNTING REPRESENTATIVES CONFERENCE

HK070459 Nanning Guangxi Regional Service in Mandarin 1130 GMT 27 Sep 85

[Excerpts] The regional accountants representative conference was held in Nanning between 23 and 26 September.

The main tasks of the conference are to study the spirit of the recently held National Conference of Party Delegates, to sum up and exchange experience in the region's accountancy work, and to study and explore ways of further strengthening accountancy work in the future, better implepenting the accountancy law, promoting accountancy reform, and bringing into full play the role of accountancy in the socialist four modernizations so that it will serve the region's economic rejuvenation.

Comrade Wang Rongzhen, vice chairman of the regional people's government, made a summary report at the closing session yesterday afternoon.

In her report, she affirmed, above all, the role the vast numbers of financial workers and accountants played in the region's financial and economic work. She pointed out that in consolidating and making further advances on the region's already very good financial and economic situation, one important task is to strengthen the technical transformation of existing enterprises and to invigorate enterprises, in particular, state-owned big and medium-sized enterprises. Serving as a means of accounting and supervision in production and operations, accountancy work plays an important role in the work of the fields mentioned above.

Comrade Wang Rongzhen made the following proposals on how to do a good job in the present accountancy work:

First, it is necessary to deepen people's understanding of the status and role of accountancy work in socialist construction.

Second, it is imperative to conscientiously implement the accountancy law of the PRC. This is of great and far-reaching importance to further strengthening and perfecting economic legislation, raising the microeconomic and macro-economic management level, and promoting socialist construction.

Third, leaders of all departments and units throughout the region must put accountancy work on the agenda, regularly check on the work, and promptly help the people concerned solve their problems, and support and protect financial workers and accountants in performing their duties according to law.

In her report, Comrade Wang Rongzhen also made proposals on how to carry out the general inspection of taxation, financial affairs, and prices which is to be launched soon on a regional scale. She said that industrial, communications, commercial, financial, and other departments as well as administrative institutions and business must conduct an inspection in four areas and financial workers and accounts must first do a good job in the inspection work, enhance their level of understanding, dispel misgivings, adhere to principle, and be bold in exposing cases of breaches of financial discipline.

Finally Comrade Wang Rongzhen urged leaders at various levels throughout the region to effectively strengthen the building of the ranks of financial workers and accounts, to consolidate financial institutions, to pay special attention to the training of financial workers and accounts, to raise their professional competence, and to bring their initiative into full play so that they can have remarkable success in realizing the goal of ensuring that Guangxi will economically advance before others.

Comrades Wang Zhuguang, vice chairman of the [word indistinct] advisory commission, and Liu Mingshan, deputy director of the Regional Finance Bureau, made speeches at the meeting.

CSO: 4006/62

FINANCE AND BANKING

BRIEFS

SHANDONG RURAL SAVINGS DEPOSITS--During the Sixth 5-Year Plan period, Shandong Province's rural savings deposits increased by a large margin. By the end of August 1985, the province's total rural savings deposits reached 6.921 billion yuan, an increase of 2.8 times over 1980 and showing an annual increase of 1.02 billion yuan. The rural savings deposits of Qingdao and Zibo cities increased by 4.7 times over 1980. During the Sixth 5-Year Plan period, the rural savings deposits of the destitute northwestern part of Shandong also increased by more than 2.6 times. So far, the total rural savings deposits of each of the 17 counties and cities in Shandong Province have topped the level of 100 million yuan. The average per capita savings deposits of the province's rural population reached 103.39 yuan. [Summary] [Jinan Shandong Provincial Service in Mandarin 2300 GMT 5 Oct 85 SK]

WORLD BANK VICE PRESIDENT FETED--As of the end of June this year, loans for 35 projects of various sizes have been approved for Shanghai by the World Bank, totalling over \$300 million. World Bank loans will be given to Shanghai through China's Ministry of Finance. Among the 35 projects, one of the larger is for sewage disposal with a loan of over \$100 million. Another loan for machine tool transformation amounts to \$92 million. Other loans are earmarked for educational improvements, building guesthouses, and so on. Mayor of Shanghai Jiang Zemin met with and feted Vice President of the World Bank (Scoon) and his entourage at the Heping Hotel at noon yesterday. On behalf of the Shanghai Municipal Government, Mayor Jiang Zemin thanked the World Bank for its loans to Shanghai over the past few years. [Text] [Shanghai City Service in Mandarin 2300 GMT 12 Oct 85 OW]

HERDSMEN INCREASE INCOMES, EXPENDITURES--The regional department concerned has conducted a sample survey on the incomes and expenditures of the 103 herdsman households. The survey's result showed that, during the implementation period of the Sixth 5-Year Plan, the income of herdsmen throughout the region has increased rapidly and the productive and living conditions have been greatly improved. According to the survey data, the average net income of herdsmen throughout the region was 530 yuan in 1983, the middle stage of the implementation period, a 247 yuan or 1.9 percent increase over the 1980 figure. The level of consumption has been also upgraded markedly. In 1983, the per capita consumption in livelihood was 418 yuan, an increase of 2.1 times over the 1980 figure. In 1984, the later stage of the implementation period, the per herdsman income was 573 yuan, a 780 percent [as heard] increase over the

1981 figure. The per capita consumption in livelihood was 485 yuan, a 226 yuan increase over the 1981 figure. The consumption levels on food, clothes, houses, and daily necessities have increased year after year. The increase in the consumption level in cultural life has been most obvious. [Text] [Hohhot Nei Monggol Regional Service in Mandarin 1100 GMT 9 Oct 85 SK]

JILIN RURAL BANK DEPOSITS--During the Sixth 5-Year Plan period, Jilin Province has scored a stable and large-scale increase in bank deposits by rural people. As of the end of 1984, the saving deposits of rural people reached 1,104,510,000 yuan. Per-capita deposits reached 73.93 yuan. Both these figures surpassed that of 1980 by more than 200 percent. In the first half of 1985 rural bank deposits reached 1.17 billion yuan. [Excerpts] [Changchun Jilin Provincial Service in Mandarin 1030 GMT 27 Sep 85 SK]

YUNNAN ENTERPRISES EARN MORE--By the end of 1984, the gross revenue of Yunnan's town and township enterprises totalled more than 1.38 billion yuan and the province over-fulfilled the gross revenue target of the Sixth 5-Year Plan by 15 percent. In addition it fulfilled the target a year ahead of schedule. Moreover, the enterprises run by peasant households rapidly grew in number. By the end of 1984, the province had 195,000 enterprises jointly run by peasant households or run by households, employing 328,000 workers. The total revenue of the enterprises was over 326 million yuan. [Summary] [Kunming Yunnan Provincial Service in Mandarin 1100 GMT 10 Oct 85 HK]

INCOME SAID TO BE RISING--Nanjing, 12 October (XINHUA)--The income of urban residents in Jiangsu Province has increased at an annual rate of 10.9 percent over the past five years, the local statistics bureau announced today. This rate is the swiftest since liberation in 1949. Due to increases in wages and bonuses, urban per capita income is expected to reach 790 yuan this year, 96.7 percent more than in 1980. The employment rate is 59 percent this year, up from 55 percent in 1980. This means that each employee supports an average of only 1.67 persons, including himself--among the lowest rates of all the provinces in China. With increased income, urban people eat an average of 25 percent more eggs, poultry, aquatic products, milk, vegetable oil, and pastry than five years ago, while grain consumption is down. Each urban resident of Jiangsu has spent an average of 88 percent more money on clothing this year than in 1981, and expenditure on consumer goods has risen. [Text] [Beijing XINHUA in English 1505 GMT 12 Oct 85 OW]

FRENCH BANKERS WELCOMED--Beijing, 4 October (XINHUA)--President Chen Muhua of the People's Bank of China met here this afternoon with a delegation of the French National Agricultural Credit Bank headed by its Chief Executive and General Manager Jean Paul Huchon [name as received]. Chen who is also a state councillor said at the meeting that she was glad that there existed good business contacts between the Chinese and French agricultural banks. She thanked the French bank for helping train Chinese bank professionals and hoped to further develop such cooperation. Huchon also expressed his hope to cooperate with the Chinese side in personnel training, commercial loan, joint-venture companies and processing of agricultural products. A ceremony marking the opening of the Beijing representative's office of the French bank was held at the Great Hall of the People here this evening. Huchon presided over the ceremony. [Text] [Beijing XINHUA in English 1444 GMT 4 Oct 85 LD]

HUBEI ECONOMY DEVELOPS STEADILY--During the period of the Sixth 5-Year Plan, the urban and rural economy in the province developed continuously. The province's financial income increased steadily. The province's financial income for 1984 was 4.36 billion yuan, an increase of 28.18 percent over 1980. The average annual increase rate was 8.8 percent. The province's financial expenditure for 1984 was 3.11 billion yuan, an increase of 17.36 percent over 1980. The average annual increase rate was 4.1 percent. The province's financial income for the first 8 months of this year amounted to 3.28 billion yuan, equivalent to 72.99 percent of the annual target and an increase of 19.52 percent over the same period last year. [Summary] [Wuhan Hubei Provincial Service in Mandarin 1100 GMT 2 Oct 85 HK]

GUANGXI TOWNSHIP INDUSTRY INCOME--By the end of July, the total income of town and township enterprises in the region amounted to 664.72 million yuan, an increase of 57.26 percent over the same period last year. [Summary] [Nanning Guangxi Regional Service in Mandarin 1130 GMT 19 Sep 85 HK]

HUBEI TAX COLLECTION--By 10 September, the province's tax income amounted to 3.12 billion yuan, fulfilling 73.2 percent of the annual target and marking an increase of 53.3 percent over the same period last year. [Summary] [Wuhan Hubei Provincial Service in Mandarin 1100 GMT 19 Sep 85 HK]

BALANCE OF REVENUE--A good trend unseen in recent years has appeared in the growth of the revenue of our province this year. By the end of August, the province's revenue had reached 4.583 billion yuan, fulfilling 75.55 percent of the annual budget plan and showing an increase of 27.46 percent over the same period of last year. The growth of revenue was higher than that of the industrial output value and that of the expenditures. A balance between revenue and expenditure may be expected this year. Such a good trend in our province's revenue this year can be attributed primarily to two factors: First, enterprises have been provided with decision-making power after various reforms and have gained more vitality. This has facilitated a continuous, stable, and balanced development of the national economy. In the first 8 months of this year, the industrial output value increased by 25.6 percent and the retail sales volume of commodities by 25.4 percent. This created favorable conditions for the growth in revenue. Second, governments at various levels have placed revenue work high on their agenda, and financial and tax departments have strengthened control over tax collection and made arrangements for collection in strict accordance with policies. In particular, after the large-scale inspection of tax collection and financial work, enterprises reduced waste of the money to be turned over as taxes and ensured that a sufficient amount of taxes was turned over to the state treasury in a timely manner. [Text] [Jinan Shandong Provincial Service in Mandarin 2300 GMT 21 Sep 85 SK]

PEOPLE'S INCOME INCREASES--The national income of our region greatly increased during the Sixth 5-Year Plan period. The livelihood of the people further improved and the disparity in income between the urban and the rural people was reduced. During the Sixth 5-Year Plan period, our region has implemented the policy of readjustment and reform and has rapidly developed its national

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economy. The national income increased by 62.8 percent in 4 years, showing an average annual increase of 13 percent and greatly exceeding the demand of an average annual increase of 4 percent in the Sixth 5-Year Plan. This year the national income will further increase. This is the best period with the greatest and fastest increase in the national income of our region compared to the various past 5-year plan periods. With the increase in national income, the people's livelihood of our region has further improved. Last year the average per capita consumption level of residents reached 370 yuan, an increase of 121 yuan over 1980. If the rise in the prices of commodities are factored in, the actual consumption level of the residents increased by 36.6 percent in 4 years. Thanks to the rapid economic development in the rural and pastoral areas, the difference in the consumption level between the nonagricultural residents and the peasants and herdsmen have further narrowed from a ratio of 2.27 to 1 in 1980 to a ratio of 1.93 to 1. [Text] [Hohhot Nei Monggol Regional Service in Mandarin 1100 GMT 30 Sep 85 SK]

TAX EVASION CASES--In conjunction with tax departments, the political and legal departments in the region have investigated and dealt with tax evasion cases and hit hard at illegal and criminal activities. Over the past 2 years, they, in cooperation with tax departments, have uncovered and dealt with more than 3,000 tax evasion cases, recovered some 850,000 yuan of evaded taxes, received some 320,000 yuan of outstanding tax money, and punished 70 criminals who attacked tax organs and beat up tax personnel. To correctly implement the state's tax law and fulfill the tax collection task, the political and legal departments in all counties of the region have in recent years actively supported tax departments to carry out their work. They have dispatched policemen to assist tax departments. [Excerpt] [Haikou Hainan Island Service in Mandarin 0400 GMT 3 Oct 85 HK]

TAX EVASION SURVEY--Tax bureaus of various localities throughout the province conducted a tax survey among enterprises and discovered that tax evasions were serious in many enterprises. Anshan City conducted a sample survey of 250 enterprises on various categories and discovered that 172 enterprises had evaded taxes. The evaded taxes of various categories totalling some 1.77 million yuan were uncovered and repaid. The Tiexi District Tax Bureau in Shenyang City conducted a sample survey on 513 enterprises and discovered that 371 enterprises had evaded taxes, totalling 3.15 million yuan. About 72 percent of the enterprises evaded taxes. As of 31 August, 27,000 individual industrial and commercial households in Shenyang had repaid 816,000 yuan of evaded taxes. Tieling City conducted a sample survey on 485 enterprises of various trades in 20 days and discovered that 255 of them had evaded taxes. They repaid some 1.32 million yuan of taxes. [Text] [Shenyang Liaoning Provincial Service in Mandarin 2200 GMT 3 Oct 85 SK]

TEAM TO INSPECT FINANCE, TAXES--To implement the circular issued by the Ministry of Finance and approved by the State Council on conducting a mass inspection of finance and taxes and to properly conduct inspection of finance and taxes throughout the province, the Provincial CPC Committee and government decided to set up a finance and tax inspection team consisting of 14 members. Provincial Vice Governor Gu Jinchi was appointed head of the team; Jiang Zeting, secretary general of the provincial government, and Duan Bingren, director of

the Provincial Finance Department, were appointed deputy heads of the team; other members of the team include responsible comrades from the Provincial Planning and Economics Commission, the Provincial Office for Reforming the Economic Structure, the Provincial Tax Bureau, the Provincial Auditing Bureau, the Provincial People's Bank, the Provincial Industrial and Commercial Bank, the Provincial Agricultural Bank, the Provincial Construction Bank, the Provincial Industrial and Commercial Administration Bureau; the Provincial Judicial Department, and the Provincial Price Bureau. The provincial leading group for inspecting finance and taxes and its office are responsible for leading the work of finance and tax inspection in all areas and departments of the province. All cities, prefectures, autonomous prefectures, and counties in the province will soon start massive inspection compliance and taxes. [Text] [Chengdu Sichuan Provincial Service in Mandarin 0030 GMT 3 Oct 85 HK]

GUANGXI IMPROVES FINANCIAL SITUATION--Substantial improvement has been made in this region's financial situation this year, and the previous situation in which revenue increased slowly has been changed. Revenue between January and August increased by 31.7 percent over the same period last year. The growth rate of revenue was higher than the growth rate of expenditure. Such a situation has not been seen for many years. The good financial situation is attributed to the firm implementation of the policy of opening up and enlivening the economy and to the reform measures in various units of the autonomous region. The industrial output value of the region in the first 8 months increased by 22.75 percent over the same period of last; and the total volume of retail sales increased by 29 percent. This also contributed to the sharp increase in revenue. [Summary] [Nanning Guangxi Regional Service in Mandarin 1130 GMT 2 Oct 85 HK]

YUNNAN MOUNTAINOUS AREA INCOME--The recent survey conducted by the Provincial Statistical Bureau of 1,047 peasant households in mountainous areas of 40 counties shows that the per capita income of peasants in economically backward mountainous areas for the first half of this year amounted to 75.2 yuan, an increase of 12.38 yuan or 19.7 percent over the same period last year. [Summary] [Kunming Yunnan Provincial Service in Mandarin 1100 GMT 29 Sep 85 HK]

YUNNAN NATIONAL INCOME INCREASES--During the Sixth 5-Year Plan period, the national income in Yunnan Province has steadily increased. The national income last year reached 12 billion yuan and the national income in 1985 will be some 6.1 billion yuan more than in 1980. The national income has increased by an average of some 1,220 million yuan a year. [Summary] [Kunming Yunnan Provincial Service in Mandarin 2300 GMT 28 Sep 85 HK]

HUNAN PEASANTS' INCOME INCREASES--During the Sixth 5-Year Plan period, the income of peasant households in Hunan Province has increased relatively quickly. The per capita net income of the peasants in our province last year was 348.2 yuan and was 58.5 percent more than in 1980. With the increase in prices taken into consideration, their income increased by an average of 9.8 percent a year. The per capita living expenses of peasants in 1984 were 293.19 yuan. Last year, on average, each peasant ate 33 jin of pork. The number of sewing machines, radios, watches and bicycles possessed by every 100 peasants households last year was 100 percent to 700 percent respectively more than in 1980. In addition, about half of the peasant households in the rural areas in our province have built new houses. [Summary] [Changsha Hunan Provincial Service in Mandarin 2300 GMT 30 Sep 85 HK]

MINERAL RESOURCES

BRIEFS

GUANGDONG PYRITE MINE--Guangzhou, 8 Oct (XINHUA)--China's largest pyrite mine went into trial production today in Yunfu County, south China's Guangdong Province. Pyrite is the major raw material used for producing sulphuric acid, and is widely applied in the manufacture of chemical fertilizer, drugs, explosives, metallurgy, and paper making. The Yunfu Pyrite Mine, a large extraction and dressing integrated complex, is designed to produce 3 million tons of crude core and 2.4 million dressed ore annually, enough for producing 2.4 million tons of sulphuric acid, equivalent respectively to 40 percent and 30 percent of China's annual production of pyrite and sulphuric acid. The mine has an estimated reserve of more than 208 million tons, second largest in the world, according to geological departments. A mine official said part of the ore will be exported. The Yunfu Mine is located 170 km from Guangzhou, the capital of Guangdong Province. The development of the mine began in 1979 as one of the 70 key projects during China's Sixth 5-Year Plan period (1981-1985). [Text] [Beijing XINHUA in English 0816 GMT 8 Oct 85 OW]

GUANGDONG DISCOVERS MINERAL DEPOSITS--The provincial Geological and Mineral Bureau has, since the beginning of this year, discovered new mineral deposits at more than 10 places and delivered 13 geological survey reports. Following the discovery of a gold deposit in last year, it has discovered nine more gold deposits at (Yuanxi) (Taipingding), and so on. It has also made new progress in discovering non ferrous metals deposits and nonmetal mineral deposits. [Summary] [Guangzhou Guangdong Provincial Service in Mandarin 1000 GMT 6 Oct 85 HK]

CSO: 4006/63

INDUSTRY

PRC INCREASING FROZEN VEGETABLE PRODUCTION

OW211144 Beijing XINHUA in English 0649 GMT 21 Sep 85

[Text] Shenyang, September 21 (XINHUA)--Many provinces and municipalities in China are hastening to build plants to fast-freeze vegetables, according to an official of the Ministry of Commerce.

Meanwhile, he said, existing cold storages with a total capacity of more than two million tons are being renovated for the purpose.

A dozen colleges, universities and research institutes have formed special groups to research the subject, and special production equipment has been developed.

More than 100 technicians met recently in Yingkou, Liaoning Province, to share their experience in manufacturing equipment and production technology.

The technique of fast-freezing vegetables was only introduced a few years ago into China. Last year, 14 provinces, autonomous regions and municipalities fast-froze over 5,000 tons of 20 varieties of vegetables, including tomatoes, eggplants and kidney beans.

This year, Heilongjiang Province alone plans to produce 5,000 tons of fast-frozen vegetables, and a village on the outskirts of Shenyang, capital of Liaoning Province, exports fast-frozen vegetables.

Boosting fast-frozen vegetable production can help solve the problem of vegetables rotting in summer and autumn when they are over-abundant, and being in short supply in the slack seasons--winter and spring.

CSO: 4020/21

INDUSTRY

PRODUCTION COSTS FALL IN 122 WUHAN ENTERPRISES

Wuhan CHANGJIANG RIBAO in Chinese 9 Jul 85 p 1

[Article: "Comparable Production Costs Fall in 122 Wuhan Industrial Enterprises"]

[Text] This reporter has learned from the concerned departments that, while the costs of certain materials and energy have gone up as have certain expenditures, the 122 industrial enterprises in Wuhan have steadfastly directed their efforts toward tapping their latent resources in order to cope with the situation. From January to May of this year, the comparable production costs of these enterprises have, instead of rising, actually fallen on the average by 1.7 percent.

The increase in the prices of raw and subsidiary materials as well as energy used for industrial production since the beginning of the year has raised the production costs of the enterprises and reduced their profits. In response to this situation, many of the enterprises have switched from battenning on "carefree meals" to surviving on "competitive means" and have, after a period of probing and summing up the issues, come up with 12 ways to deal with the problem of price increases. They include the adoption of the management method to limit the production cost to within the target figure, to upgrade the standard of management, to eliminate waste and to plug up the loopholes, to tap latent monetary resources, to reduce interest payments, to strengthen work at the basic level, to enforce strict economic accounting, to pick out and buy the best raw and subsidiary materials, to increase production, to reduce labor cost, to improve the quality of products, to reduce losses incurred by defective products returned for repairs, to develop new products and new varieties, to introduce technical reforms and to adopt new technologies. Some enterprises which have adopted these measures have achieved notable results.

The Wuhan Rubber Factory, the Wuhan No 1 Knitting Mill and the State No 1 Cotton Textile Mill have, by keeping costs and values to within the figures set and modernizing their management methods, reduced to various degrees the amount of waste. From January to April, the five-man cost-cutting team set up by the Wuhan No 1 Knitting Mill, by introducing technological reforms, checking semifinished products and adopting high-speed dyeing techniques, has overfauled seven varieties of products and reduced costs by over 150,000 yuan. Such units as the Wuhan Chemical Oil Factory and the Wuhan Metal Furniture

Industrial Co have engaged in campaigns to increase production, to cut costs and to reduce waste as a means to eliminate the factors contributing to business stagnation. The Wuhan Chemical Oil Factory has resumed the traditional practice of putting a premium on hard work and thriftiness. The various maintenance teams in the workshops, by not making requisitions for replacements and by recalling and repairing used and waste materials, have saved over 100,000 yuan. An end has basically been put to the oversupply and spoilage of materials so that the cost of each ton of laundry powder has been reduced by 10 yuan and the cost of comparable products has dropped by 0.66 percent for the first 5 months of the year. By adopting new techniques, the Wuhan Steel Plant has put a stop to rising costs. The No 2 Steel Mill, by reducing the number of moulds, increasing casting continuity and reducing drastically the waste of steel, has achieved a standard comparable to the most advanced in the world. The entire company, by increasing its capacity for coping with various problems during the first 6 months of the year, has reduced the comparable production cost by 0.39 percent compared to the same period last year.

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CSO: 4006/950

INDUSTRY

VALUE OF TERTIARY INDUSTRIES ANALYZED

Wuhan CHANGJIANG RIBAO in Chinese 4 Jul 85 p 4

[Article by Yan Gongxu [0917 0364 2485]: "Do Tertiary Industries Produce Nothing of Value?"]

[Text] Our nation has, over a long period of time, neglected the development of tertiary industries. One major reason is that we have regarded them as a line of businesses offering services without producing anything of value, or even as a consumption unit. That is contrary to actual facts.

Judging from the way tertiary industry is being developed, it is evident that it does have production value, both directly and indirectly.

By the indirect production value for tertiary industry is meant that, while it cannot substitute for the production values of the primary and secondary industries, it can determine the amount of such values. Taking information services as an example, it has often been said that a valuable piece of information is capable of bringing a factory back to life. This clearly indicates the indirect production value of the information service. Prior to the acquisition of a piece of information, it often happens that the means of production, the funds and the labor of a factory that is on the verge of bankruptcy are allowed to lie idle or virtually idle, creating nothing or virtually nothing of value. Upon the receipt and on the basis of a valuable piece of information, this factory, by taking the correct turn and by shifting its method of operation, is often able to proceed with production and to come to life again. Information is a commodity sold by its provider who makes it his business to investigate market conditions. The buying and selling of information is the exchange of an amount of labor for a similar amount of labor. Although the exchange of something for something else of the same value produces no tangible value, the party which buys the information, by engaging in production accordingly, will be able to turn useless labor (dead labor) into productive labor and to create a greater amount of value than before. From this point of view, it can be said that the information service does have an indirect production value. Similarly, consultation services, communications and transportation, the postal and telecommunication services, the food industry and the financial departments are also capable of producing value in an indirect manner. For instance, if new products that are made on the basis of a certain piece of information should encounter

communication and transportation difficulties at the time they are put on the market, they cannot be sold where they are intended to be sold and they will become valueless. Just because these trades and businesses operate as a single unit, people tend to regard them as independent production departments.

By direct production value is meant the value-producing labor involved in the production of materials and supplies by branches of the tertiary industries, including communications and transportation, food and warehousing, storage and packaging in the commercial sector. In "Capital," Karl Marx clearly showed that in the field of communications and transportation, labor is involved in the movement of products, that it is inseparable from the products to be moved and that if the tools of production are involved in the movement of the products, then their value should be added on to that of the new products. As regards the labor involved in the packaging of products in the commercial sector, the value of the packaging should be added and the labor involved tacked on to the original products.

Does this mean that productive labor in areas not involved with the production of materials and supplies has no production value? This type of labor is also of value to the marketing of products of the primary and secondary industries. "Service is no more than developing to the full the effectiveness of the use value regardless of whether such value is in the form of commodities or labor." The fact that a person who has just had a haircut experiences a certain feeling of ease and comfort goes to show that the barber has created a use value by giving a sense of enjoyment to somebody. That being the case, the use value of labor created by the barber should be regarded as a product. The difference between this form of product and that of the materials production sector lies merely in the fact that the latter is tangible while the former is not. The use value created by the labor of the barber and the analysis of value illustrated apply equally to such labor services as those rendered by teachers, actors, government and political party organizations, social organizations, the armed forces and the police.

9621
CSO: 4006/950

INDUSTRY

STATISTICS FOR CHINA'S TERTIARY INDUSTRY DISCLOSED

Beijing JINGJI RIBAO in Chinese 30 Aug 85 p 1

[Article by Zhou Minhua [0719 3046 5478]: "China Publishes Statistics for Tertiary Industry for the First Time"]

[Text] According to the results of calculations recently derived by the State Statistics Bureau: In 1984, the output value of China's tertiary industries amounted to 150.2 billion yuan, an increase of 14.6 percent over 1983. These are the first authoritative statistics for tertiary industry produced by New China since its founding.

In 1984, China's GNP totaled 664.3 billion yuan. Based on this calculation, the proportion of the tertiary industry's output value among the three levels of industry rose by 22.1 percent at the end of last year. In the fast-developing tertiary industry last year, banking and insurance business and resident services reported the fastest growth, followed by scientific, educational, cultural and public health enterprises. Next came the circulation sector's communication, posts and telecommunications enterprises and food services.

According to statistics, by the end of last year, there were 7.12 million commercial outlets throughout the country, or an increase of 38.1 percent over the preceding year; catering trade outlets totaled 1.14 million, an increase of 29.5 percent; and service trade outlets numbered 1.3 million, an increase of 38.3 percent. The average number of persons served per employee in retail trade and food services dropped from 88 and 378 in 1983, respectively, to 67 and 321 persons. The statistical results also indicated that the number of employees in repair trades, hotels, barbershops and photo shops in 1984 showed increases varying in degrees over 1983 while employees in the public bath-house and laundering and dyeing trades in 1984 dropped by 5.3 percent and 3.3 percent, respectively, compared with 1983.

An analysis of the statistical results shows that an important characteristic of the rapid development of tertiary industry in China is the simultaneous development of the multiple economic sectors in the state, the collective and individual enterprises. Among the 8.13 million newly-added employees in tertiary industries in 1984, 6.71 million or 77 percent were from urban and rural individual households. By the end of 1984, the number of individuals engaged in the tertiary industry in the rural areas and cities and towns totaled 18.38 million and 2.96 million, respectively, showing a respective increase of 5.81 million and 900,000 people over 1983.

CONSTRUCTION

XIZANG REPORTS ON REGIONAL CONSTRUCTION PROJECTS

HK070513 Lhasa Xizang Regional Service in Mandarin 1130 GMT 27 Sep 85

[Excerpts] At the 13th meeting of the Fourth Regional People's Congress Standing Committee, which was held on 26 September, Wang Guangxi, secretary general of the regional people's government, acting on behalf of the regional people's government, reported the progress in carrying out 43 projects.

The report pointed out: After working for more than 1 year, the region has basically completed the 43 projects and has put them into operation. These projects reflect the profound concern of the CPC Central Committee and the State Council for the region's social and economic development. They also embody the profound sentiments of friendship of fraternal provinces and cities' people toward the people of the region. This has promoted the confidence of the region's people and their determination to build a united, prosperous and civilized new socialist Xizang.

The report pointed out: The construction of 43 projects has provided the region with a number of fundamental projects for economic and social development, so that Lhasa as well as various localities have taken on a new look. In addition, the working teams from other parts of China have brought with them manpower, material resources, and technology, thereby invigorating and developing the region's economy and promoting reforms in some of the region's trades--particularly the construction trade. Therefore, the region has learned a lot in terms of technology and management skill. In a certain sense, all these outweigh the importance of the projects themselves.

These results will greatly influence the region's future construction.

CSO: 4006/63

CONSTRUCTION

YUNNAN PROVINCE STEPS UP POWER INDUSTRY EXPANSION

HK080951 Beijing ZHONGGUO XINWEN SHE in Chinese 0909 GMT 2 Oct 85

[Text] Kunming, 2 Oct (ZHONGGUO XINWEN SHE)--Yunnan Province, which is rich in hydroelectric and coal resources, is now stepping up construction of a number of projects for the power industry.

Construction of the major projects, including the Xiaolongtan Thermal Power Station with an installed capacity 600,000 kilowatts in Kayuan and the Lubuge Hydroelectric Station, is now in progress. The first 100,000 kilowatt generator set for the Xiaolongtan power station will go into operation in October, while the project to reconstruct the power station in Puping Village near Kunming in order to conserve energy is under construction and the installation of two 100,000 kilowatt generator sets is already in progress. Meanwhile, preparations are being made fro building a large power station with an installed capacity of 1.5 million kilowatts in Manwan along the Lancang Jiang. It is expected that the first generator set will go into operation at the end of 1991. The state has approved a feasibility study on building a thermal power station with an installed capacity of 600,000 kilowatts in Baishui.

According to plans, by 1990 the installed capacity of Yunnan Province's main power grid will reach 2,258,300 kilowatts, with an electrical energy output of 9.9 billion kilowatt-hours. By the year 2000, the installed capacity of the main power grid will reach 5.43 million kilowatts, with an electrical energy output of 26.4 billion kilowatt-hours. The construction of power transformation and transmission projects will also be simultaneously carried out. By the end of this century, the installed capacity of the rural power stations and the hydroelectric power stations run by enterprises will reach 1.65 million kilowatts, with an electrical energy output of 13.85 billion kilowatt-hours. The installed capacity of local thermal power stations will reach 250,000 kilowatts, with an electrical energy output of 1.65 billion kilowatt-hours. The installed capacity of local thermal power stations will reach 250,000 kilowatts, with an electrical energy output of 1.65 billion kilowatt-hours. According to a survey, the theoretical hydroelectric reserves of the six main water systems of the Jinsha Jiang, Lancang Jiang, Nu Jiang, Hung He, Nanpan Jiang, and Irrawaddy River in Yunnan Province amount to 103.64 million kilowatts, with annual electrical energy production of 907.89 billion kilowatt-hours. The exploitable instal'd capacity of hydroelectric power stations reaches 77,167,900 kilowatts, with an annual electrical energy production of

394.453 billion kilowatt-hours. Moreover, its exploitable rate is 71 percent, the first that high in the whole (province?). The whole province has 107 counties with coal resources involving proven coal deposits of 16.67 billion tons. Many localities possess thermopower generating conditions. However, the exploited capacity only accounts for about 1.7 percent of the exploitable capacity of the whole province, and the annual electrical energy output does not yet reach 1 percent of the exploitable generated energy. Therefore, Yunnan Province has great potential for developing the power industry.

CSO: 4006/63

CONSTRUCTION

BRIEFS

GUANGDONG APARTMENT SALES--The building industry is developing gradually in the province. The real estate business is becoming more and more brisk. According to statistics of the relevant departments, in 1984 a total of 5,598 residential apartments were sold in the province, with a total floor area of some 364,000 square meters. Some 76 million yuan were recovered from selling the apartments. The buyers either made full payment or paid in installments. [Summary] [Guangzhou Guangdong Provincial Service in Mandarin 1000 GMT 4 Oct 85 HK]

HAINAN KEY PROJECTS--The 24 key projects on the Hainan Island have developed quickly. Of them, six were completed in the first half of this year and eight will be completed in the second half of this year. Over the past 2 years or so, there have been 32 key projects on the island. These projects are mainly projects of communications, energy resources, telecommunications, tourism, and education and have been gradually completed and put into operation. [Summary] [Guangzhou Guangdong Provincial Service in Mandarin 0400 GMT 3 Oct 85 HK]

CSO: 4006/63

DOMESTIC TRADE

AGRICULTURAL AND RURAL ENTERPRISES TRADE FAIR CLOSES

OW101753 Beijing XINHUA in English 1510 GMT 10 Oct 85

[Text] Beijing, 10 October (XINHUA)--Some 80 delegations walked away with nearly 200 million yuan worth of contracts and letters of intent, while sales totaled 11 million as a rural enterprises trade fair closed here today.

More than 1,000 rural enterprises sent representatives to the 16-day agricultural, husbandry and rural enterprises trade fair, which was sponsored by the Ministry of Agriculture, Animal Husbandry and Fisheries.

Over seven million yuan worth of contracts and letters of intent were signed at the technology transfer market of the fair, which was organized to provide technology and machinery for rural enterprises.

According to a 1984 estimate, China then had 6.06 million rural enterprises with a total number of 52 million employees and an annual output value of about 171 billion, accounting for 40.8 percent of China's rural output value. These enterprises have functioned as an important supplement to state enterprises in recent years.

At the fair, technology for food preserving and processing, textile machinery and machinery to produce construction materials accounted for most of the technology transfers.

According to fair organizers, inexpensive [words indistinct] projects are very welcome to rural enterprises and private households, which are usually small in scale and limited in funds.

The cost of a high-speed shuttleless loom at the fair was as low as 9,000 yuan, and that included technology transfer fees and personnel training fees. Another hot item was a non-sintered brick machine. At a price of 3,200 yuan, the machine can churn out 1,000 bricks an hour.

At the fair, officials of the Ministry of Agriculture, Animal Husbandry and Fisheries urged the development of food preserving and processing technology, especially technology to preserve and process fruit.

A total of 20,000 varieties of commodities were on sale. Earthenware pots from the Guangxi Zhuang autonomous region, preserved eggs from Hubei Province, melon seeds from Anhui Province and jeans from Tianjin were popular items at the fair.

FOREIGN TRADE AND INVESTMENT

ILLEGAL TAX BREAKS FOR FOREIGNERS CRITICIZED

Beijing GUOJI SHANGBAO in Chinese 22 Aug 85 p 2

[Article: "Tax Receipts from Foreign Enterprises Rise, But Tax Evasion Is Still Prevalent"]

[Text] China's revenue collected from foreign enterprises in the first half of 1985 rose 168.3 percent over the same period last year. Nevertheless, tax evasion by foreign enterprises and businessmen in China remains a widespread phenomenon. This was disclosed by a leader from a tax agency when he recently announced a campaign to investigate tax payment by all Chinese enterprises.

The leader said that levying taxes on foreign businessmen and enterprises in accordance with China's tax code and regulations is not only a vehicle whereby the state can share the profits, but, more importantly, is also an expression of a sovereign state exercising its tax jurisdiction. Therefore, all taxes legally payable by foreign merchants should be paid in full. Late payments also violate the law and must not be tolerated.

He also criticized some units for violating the tax code. He said, "Certain localities not yet designated as open coastal cities have announced to the world of their own accord the adoption of 'preferential tax policies of open coastal cities.' Other localities, again acting on their own, set the income tax rates for joint ventures, cooperative enterprises, and wholly-owned foreign enterprises, and extended the tax holidays granted to foreign businessmen. When they negotiate with or sign contracts with foreigners, a small number of enterprises randomly promise tax exemption where taxes are properly due or claim that taxes will be covered by the Chinese side. Some individual units even help foreign businessmen evade taxes. All this must not be permitted."

All open cities should abide by the regulations of the State Council. Tax breaks announced by a locality of itself and unauthorized by the State Council are invalid. Tax provisions in all contracts should be examined and be approved by tax agencies. Otherwise they will not be recognized.

He said, "Since 1980, China has successively promulgated three basic pieces of tax legislation, 'Income Tax Law For Joint Ventures Using Chinese and Foreign Capital,' 'Personal Income Tax Law' and 'Income Tax Law for Foreign

Enterprises,' supplemented by a series of preferential measures granting tax reduction and tax exemption announced subsequently."

So far we have formally signed agreements with Japan, Britain, the United States, France, the Federal Republic of Germany and Belgium to avoid double taxation and opened negotiations with the governments of more than a dozen other nations. Not only do these accords safeguard China's tax jurisdiction, but they also protect the interests of foreign businessmen and play a positive role in promoting our international economic intercourse and technical cooperation.

12581
CSO: 4006/40

FOREIGN TRADE AND INVESTMENT

NONFERROUS METAL EXPORTS 200 PERCENT MORE THAN LAST YEAR

Beijing GUOJI SHANGBAO in Chinese 22 Aug 85 p 2

[Article by Chen Zeping [7115 0463 1627]: "Sharp Increase in China's Nonferrous Metal Exports"]

[Text] China's nonferrous metal exports are growing rapidly. Exports during the first half of 1985 accounted for 86.4 percent of planned exports for the entire year, an increase of almost 200 percent over the corresponding period for 1984. In particular, we are among the world's largest exporters of tungsten.

Nonferrous metals are one of China's major foreign exchange earners. From 1950 through 1983, total trade in nonferrous metals amounted to \$17.1 billion, and in the decade before 1965, nonferrous metal exports once made up a record 11 percent of the nation's total foreign exchange income derived from exports in a single year. Major metals exported include tungsten, tin, molybdenum, mercury, antimony, silicon and rare-earth metals.

China began exporting tungsten concentrate as early as 1915. In the next 70 years China led the world not only in tungsten reserves and production, but also in export volume, earning a reputation as "tungsten kingdom." Today China's tungsten production is at its peak and poised to make even greater contributions to the four modernizations.

To expand trade, China's Nonferrous Metals Co has decided to organize a nonferrous metals exhibition and trade and investment talks in Tokyo from 19 August through 6 September. On display will be 1,000 nonferrous metal products. Negotiations will also be held regarding the export of tungsten concentrate, molybdenum concentrate and tin ingots, the import of copper concentrate and aluminum oxide and 18 cooperative projects.

12581
CSO: 4006/40

FOREIGN TRADE AND INVESTMENT

RETIRED SWEDISH MANAGERS TO SERVE AS CONSULTANTS

Stockhold DAGENS NYHETER in Swedish 27 Sep 85 p 12

[Article by Ove Saverman]

[Text] "We have purchased silk from them since Marco Polo but they still cut with scissors," says former blouse manufacturer Kay Leminger, one of 10 Swedish retired industrial veterans who were invited to China to speed up 400,000 factories

On 15 October 10 Swedish "wise old men" will travel to China to help the Chinese with advice and perhaps also then with time.

The project, which DAGENS NYHETER reported about earlier, came about last spring when Beijing contacted the Swedish retirees National Union (SPRF) via its embassy in Stockholm which then issued an inquiry to its members and immediately received 250 answers.

Ages Evaluated

Of these, 27 technicians, engineers and former industrial leaders were chosen. Now the first group will travel; 10 Swedish industrial veterans representing 10 different activity areas: telecommunications coils, house construction technology, stainless steel, water resource technology, wood processing, plastic, electrical material, textiles, medicines and quality control.

There can be several reasons for the Chinese choosing seniors. The Retirees National Union maintains that the Chinese prize experience and age higher than we. One of the chosen, Technology Licentiate Bengt Oom, specialist in productive quality within the pharmaceutical branch, still pointed out at a press conference on Thursday, that this gang will really not cost the Chinese a thing. Pure charity.

However, he also emphasized the importance that these Swedish experts are not travelling to China for the sake of personal display or in order to promote a certain Swedish firm.

To send young career-adjusted consultants would be completely different.

"However, one certainly has retained one's technical past," says Sigurd Nordblad, who was active in the Ericsson concern for 35 years, but does not see himself as the firm's representative in China.

Steel

Everyone is convinced that Swedish industry will benefit from the Chinese involvement.

"It is a very great benefit for the Swedish special steel industry to be able to show its' products in this way," says Goran Molinder, who had to interrupt his consultant activity for Avest Steelworks in order to travel to China.

He steadfastly believes in a large domestic market for stainless steel in China, and Swedish methods and products can come in there across a broad front.

Clothes

That the Swedish textile industry, which has had such adversity, also has been invited has to do with China's thinking about heavy investment in exports.

"The Chinese made clothes long before we came on the map. In Europe we have purchased Shantung silk since Marco Polo," says Kay Leminger, textile engineer from Nassjo with long experience in women's clothes as a leader of his own and other firms.

"What they lack is mechanical equipment and to a certain extent, technology. They want to adapt their models to Western standards and have to learn a bit about packaging."

Kay Leminger heard people talk about Chinese interest through acquaintances who read a newspaper advertisement. He wrote a letter to the Chinese Embassy and received a reply immediately.

"And since I sold my firm and always have been crazy about travel this suits me perfectly," says this relatively young retiree, 61 years, who, full of enthusiasm, Chinese literature and style catalogues, will now travel to the Middle Kingdom.

Most of the six of ten pilot veterans who gathered on Thursday had travelled a lot earlier. Their trip to China is paid off by different contributions from Swedish organizations, including SAD [General Association of Swedish Exporters]. The Export Council looks with confidence upon their endeavors in a country with 400,000 factories, of which, most are open to modernization.

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CSO: 3650/5

FOREIGN TRADE AND INVESTMENT

FIRST PHASE OF CHINA INTERNATIONAL EXHIBITION CENTER COMPLETED

OW111752 Beijing XINHUA in English 1447 GMT 11 Oct 85

[Text] Beijing, 11 October (XINHUA)--The first phase of the China International Exhibition Center has been completed, ready to house the Asia-Pacific Trade Fair scheduled for November 15-30, according to the China Council for the Promotion of International Trade (CPPIT) here today.

The center now has six exhibition halls with more than 30,000 square meters in floor space, two open squares and related facilities.

The Asia-Pacific International Trade Fair will be attended by business people from more than 20 countries and regions.

CCPIT Vice-chairman Sun Fang told XINHUA the exhibition complex occupies 150,000 square meters. It is being built in stages, with exhibition halls, restaurants, a hotel, an office building and accessory facilities, which will have a total floor space of more than 75,000 square meters.

The exhibition complex will be the largest of its kind in China upon its completion, he added.

Since China opened its market to overseas investment, more and more foreign firms have come to China to hold exhibitions. CCPIT and its branches have arranged over 250 exhibitions this year, 120 more than in the previous year. These exhibitions cover various fields including industry, agriculture, energy, communications, science and technology, health and education.

To cope with this situation, Sun Fang said, the center has been set up as an enterprise under CCPIT to provide space and other services for various kinds of exhibitions, and economic and technical exchange activities.

A reception was given here this evening to mark the completion of the first phase of the center. Chinese Vice-premier Yao Yilin, State Councillor Chen Muhua, and other high-ranking officials attended.

CSO: 4020/37

FOREIGN TRADE AND INVESTMENT

BEIJING SEEKS FOREIGN INVESTMENT IN TOURISM, INDUSTRY

OW141356 Beijing XINHUA in English 1341 GMT 14 Oct 85

[Text] Beijing, 14 October (XINHUA)--Beijing has signed 58 contracts on co-operative enterprises and joint ventures with foreign investors in the first nine months of this year, more than the total number in the past six years, an official said here today.

These contracts involved a total of 790 million U.S. dollars, as against 440 million dollars for 49 projects since 1979 when Beijing was listed as one of China's cities and provinces open to foreign investment.

Speaking at a press conference, Yu Xiaosong, director of the Municipal Economic Relations and Foreign Trade Committee, said that priority would be given in the future to tourist facilities, such as hotels, amusement parks and golf courses.

Foreign business people are also welcome to invest in tourist facilities attached to the sites of cultural and historical relics, Yu said.

The second focus is on industries, in the order of food industry, including processing and preserving; the introduction of new breeds of plants and livestock especially lean pigs; electronics; light and textile industries; and building materials.

In the past six years, Beijing has imported 900 items of technology, involving 1.3 billion U.S. dollars, one-third of these items have already been put into production.

In the past eight months, the city has imported another 155 items of technology, with a total investment of 150 million U.S. dollars, Yu said.

Putting foreign funds and technology together, he said, Beijing has used a total of 2.25 billion U.S. dollars since the city was opened to foreign investment.

CSO: 4020/37

FOREIGN TRADE AND INVESTMENT

ONCE ISOLATED ANHUI PREFECTURE NOW ACTIVE EXPORTER

OW140837 Beijing XINHUA in English 0649 GMT 14 Oct 85

[Text] Hefei, 14 October (XINHUA)--A once isolated and poverty-stricken region in northwestern Anhui Province has not only put an end to its poor single-product economy but also become an exporter, thanks to rural economic reforms and the country's open policy.

In the first nine months of this year, the prefecture of Fuyang purchased from peasants export goods worth 110 million yuan, exceeding the total for 1984, a local foreign trade official said.

By the end of this year, it expects to purchase one million goat pelts, 500 tons of rabbit hair, 2,000 tons of peppermint oil, 6,000 tons of ambari hemp, 3,000 cubic meters of paulownia, 4,000 tons of frozen pork and 5,000 tons of sesame, which will go to Japan, Hong Kong and countries in Southeast Asia, Europe and the Americas.

The prefecture used to grow grain only and produce little for export.

During the rural economic reforms, which began first in Anhui Province, the prefecture has built a number of production centers for exporting ambari hemp, rabbit hair, goat skin, peppermint oil, rape seeds and paulownia in line with local conditions.

The prefecture's foreign trade office has provided local peasants with market information, technique and breeding stock of animals.

In just three years, the prefecture has raised up to six million rabbits. Earnings from this export alone may reach 19 million U.S. dollars this year.

Now the local textile mill has imported a production line to spin rabbit hair yarn.

CSO: 4020/37

FOREIGN TRADE AND INVESTMENT

CHINATEX VIGOROUSLY EXPANDS TRADE

Beijing GUOJI SHANGBAO in Chinese 2 Sep 85 p 1

[Article: "China National Textiles Import and Export Corp Actively Expands Contract Trade and Commodity Exchange"]

[Text] Through hard work, the China Textiles Import and Export Corp [CHINATEX] has signed export contracts valued at more than 140 million Swiss francs since the beginning of this year, which is 83 percent of the value of all contracted trade. All import agreements have been signed.

In recent years, our trade with the Soviet Union, East Europe, Cuba, and other countries that have trade agreements with us has been increasing daily, and textile trade has been growing by leaps and bounds. Total textile trade in government trade agreements for 1985 amounts to 1.406 billion Swiss francs (\$669.7 million) of which exports have risen 86 percent over 1984, imports 15 percent. Countries that have been buying an increasing amount of Chinese textiles are the Soviet Union, Poland, Hungary, Czechoslovakia and the German Democratic Republic [GDR].

To ensure the quality of fabric exports, CHINATEX has drawn up uniform technical standards governing fabrics exported to the Soviet Union and East Europe. In addition, it has arranged for old trading ports to pass on their experience to new ones and standardize billing procedures. It has also promptly attended to compensation claims filed during the first half of this year and cleared the old backlog, thereby enhancing its commercial credibility.

Even while it tries to fulfill its agreement trade commitments, the company also seeks to develop the exchange of commodities. In the first 6 months of 1985, it exported 55 million Swiss francs' worth of cotton cloth, knitwear, bath towels and so on in exchange for polyester fiber, acrylics, heavy wooller cloth and man-made leather of an equivalent value from Poland and the GDR. Without interfering with specialization and the division of labor, the company is experimenting with new forms of barter trade by cooperating with other specialized general companies. Examples are the exchange of fabrics for carpets and the exchange of textiles and handicrafts for furniture.

12581
CSO: 4006/26

FOREIGN TRADE AND INVESTMENT

BRIEFS

AID FOR FUJIAN FORESTRY DEVELOPMENT--Fuzhou, 16 October (XINHUA)--Forestry and mineral resources are being developed with foreign investment in the mountains of Fujian Province, a local official said today. There are 66 enterprises with exclusive foreign investment as well as joint ventures and cooperative businesses in Jianyang, Sanming and Longyan prefectures in the province's western and northern mountain areas. The three prefectures have imported technology for 70 projects using foreign investment. Five counties and cities in Sanming have recently negotiated with foreign traders to build plywood and shaving board factories and to explore utilization of heavy spar and marble. Nineteen contracts have been signed for joint ventures and cooperative enterprises since last year, each with an average foreign investment of 220,000 U.S. dollars. The mountain areas of Fujian are one of southern China's major timber producers. Also attractive to foreign investors are a variety of minerals and abundant water resources, as well as transport and communications lines linking the areas with major cities in the province. [Text] [Beijing XINHUA in English 1444 GMT 16 Oct 85 OW]

COMMODITIES FAIR OPENS--Guangzhou, 15 October (XINHUA)--More than 1,000 new machinery products, silk fabrics, textiles, metals and minerals are featured at the annual autumn export commodities fair which opened here today. Most goods trading at the 58th session of the fair were improved in quality, packaging and design, an official said. More famous brands are also in evidence. A number of Chinese companies from 15 trading groups, including the Qingdao Beverage Import and Export Corporation, the Jiangxi Ceramics Import and Export Corporation and the Tianjin Swan Brand Blanket Import and Export Corporation, are represented at the fair for the first time. About 4,210 business people from 49 countries and regions attended today's fair, and the number is expected to exceed 25,000 by the time the fair closes, November 5. The official expects record transactions at the current session. Guangzhou has held a trade fair every spring and autumn since 1957. [Text] [Beijing XINHUA in English 1440 GMT 15 Oct 85 OW]

HAINAN ISLAND USES FOREIGN FUNDS--Guangzhou, 11 October (XINHUA)--Over 40 of the 60 co-operative agreements signed between Hainan Island authorities and foreign firms this year have been put into effect, local officials here said. The agreements reached up to the end of August involve investment worth 81,270,000 U.S. dollars, including 59,360,000 dollars worth of foreign capital --up 63 percent over the same period last year. They include schemes to

produce exports, the technical upgrading of old enterprises, exploitation of energy resources and import of foreign crop varieties and animal breeds. The 33,920 kilometers-Hainan has tropical and sub-tropical plants, aquatic products, petroleum and deposits of more than 50 minerals. It was empowered to adopt a series of flexible policies to attract foreign investment in April, 1983. By the end of last year, it had clinched 122 deals in the form of joint ventures, co-operative management and compensation trade, involving a total investment of 183,510,000 U.S. dollars. More than half of these projects are already in operation. [Text] [Beijing XINHUA in English 0815 GMT 11 Oct 85 OW]

ECONOMIC AGREEMENTS SIGNED--This morning, Guangdong provincial economic commission and the New South Wales economic commission from Australia held their fourth joint meeting in Guangzhou. Both parties eventually signed a memorandum and five agreements. The agreements include: The confirmation letter on the Guangdong-New South Wales construction agreement; the Guangdong-New South Wales contract on establishing an experimental timber mill in northern Guangdong; the cooperation agreement on electricity projects between Guangdong Electricity Industry Corporation and Australia's (Ao Xi) electric company; the agreement on investment in a Xinhua natural food company by New South Wales; and the general agreement on joint production of dried grapes. Since the establishment of friendly relations between Guangdong and New South Wales in September 1979, both parties have continually developed their friendship. In particular, over the past 2 years, they have made headway in developments and exchanges in economics, trade, education, and science and culture. In order to further develop the friendship between both parties, the economic commission of Guangdong and New South Wales held the fourth meeting this morning to discuss 1986 exchange items in the areas of economics, trade, science, technology, education and culture. [Text] [Guangzhou Guangdong Provincial Service in Mandarin 1000 GMT 11 Oct 85 HK]

JOINT VENTURE IN HONG KONG--At the Shenyang trade fairs on international investment and import and exports on 4 September, the Shenyang vacuum equipment plant and the Hong Kong Feifeng Company Limited signed an agreement on jointly investing to create the Jinfeng Vacuum Membrane-Plating Company Limited. This is the first agreement on building a joint venture in Hong Kong signed between Shenyang and Hong Kong. The total investment in the company will be \$600,000. The Shenyang vacuum equipment plant plans to invest 49 percent of the total investment and to take charge of offering technology and equipment, while the Hong Kong Feifeng Company Limited plans to invest 51 percent of the total investment and to take charge of managing and marketing products. [Text] [Shenyang LIAONING RIBAO in Chinese 11 Sep 85 p 1 SK]

CSO: 4006/63

SPECIAL ECONOMIC ZONES

UPDATE OF STATISTICS FOR SPECIAL ECONOMIC ZONES

OW110823 Beijing XINHUA in English 0635 GMT 11 Oct 85

[Text] Beijing, 11 October (XINHUA)--The four Special Economic Zones of Shenzhen, Zhuhai, Shantou and Xiamen concluded more than 400 contracts with overseas business interests in the first half of this year, a big increase over the same 1984 period, according to the Special Economic Zones Office under the State Council.

The contracts involve 939 million U.S. dollars of foreign investment, of which 161 million U.S. dollars were used during the period. The figures also topped those of the corresponding period of last year.

Up to date, the four zones have signed over 4,400 contracts on various economic and technical cooperation projects with overseas businessmen since they were set up five years ago, involving more than five billion U.S. dollars, of which about one billion U.S. dollars was actually used to build infrastructure facilities.

After five years of construction, they have greatly improved the environment for overseas investment. They have now started shifting the focus of their work to the import of advanced technology and construction of industrial enterprises, so as to build up an export-oriented economy.

In order to realize this target, they signed more contracts on industrial projects with modern technology in the first six months of this year.

For instance, the Shenzhen Special Economic Zone concluded 261 contracts on economic cooperation with overseas investors, of which 213 were industrial projects, accounting for 81.6 percent of the total. The advanced technology and equipment they imported include digital-control injection-molding machines and a plate-glass production line using the "float process." The manufacturing technology and equipment for videorecorders, optical fiber cable communication materials, and color photo-sensitive materials are all up to the advanced world level.

The Special Economic Zones have improved their economic efficiency and increased their revenues. The industrial output value of the four zones came to 2,229 million yuan in the first half of this year, a 142 percent increase over the same 1984 period. The local budgetary receipts registered 649 million

yuan, 80 percent up. The total volume of retail sales of commodities amounted to 1,868 million yuan, a big increase compared with the corresponding period of last year.

The 14 coastal cities, which were opened for overseas investment early last year, are laying stress on upgrading their existing enterprises for the time being in their work of using foreign capital and importing technology.

These cities range from Dalian in northeast China, to Beihai in south China. The others include Tianjin, Qingdao, Shanghai and Guangzhou.

They have started more than 2,170 projects to upgrade their existing enterprises with imported technology since early last year, of which over 600 projects were initiated in the first half of this year. A total of 234 projects were completed in the period. These projects of technical transformation include power stations, motor vehicles, large-scale integrated circuits, computers, chemical fibers, machine-building, textile and light industries.

While upgrading their existing enterprises, the open cities have vigorously started joint ventures and co-production enterprises in cooperation with overseas partners. They concluded 483 contracts in the first six months of this year, involving 792 million U.S. dollars of foreign investment. Shanghai alone signed 40 contracts during the period, with 230 million U.S. dollars from overseas investors; both figures are double those of the corresponding period of last year.

Of the 14 open cities, 11 have started economic and technical development zones. They are intensifying the construction of infrastructure projects such as electricity and water supply systems, and communications facilities. Meanwhile, they have concluded more than 40 agreements on starting cooperation projects in these zones with overseas businessmen, for a total investment of 223 million U.S. dollars, of which over half came from foreign partners. In addition, over 50 projects are under negotiation between them at present.

Together with the four Special Economic Zones and Hainan Island, the 14 open cities along China's coastline are considered by foreign governments and entrepreneurs as ideal areas for investment. They are interesting more and more investors in economic and technical cooperation in various forms.

CSO: 4020/37

SPECIAL ECONOMIC ZONES

DRAFT LAW ON ENVIRONMENTAL PROTECTION IN XIAMEN CITY

Fuzhou FUJIAN RIBAO in Chinese 1 Sep 85 p 2

[Article: "Environmental Protection Management Regulations (Draft)"; Approved by the 14th session of the Standing Committee of the 6th Provincial People's Congress on 30 August 1985]

Chapter I. General Provisions

Article 1. The regulations hereunder are formulated in accordance with the "Environmental Protection Law of the People's Republic of China (Provisional)" and relevant laws and regulations to prevent environmental pollution, safeguard the people's health, and promote development of the Xiamen Special Economic Zone [SEZ].

Article 2. The regulations shall apply within the jurisdiction of Xiamen City. All units and individuals who are engaged in production and business activities in the jurisdiction shall abide by them.

It is also applicable to individuals and units who, by discharging toxic and hazardous substances outside the municipal jurisdiction, cause environmental damage inside.

Article 3. Environmental protection work shall stress prevention, combine prevention with treatment, and take an integrated approach towards pollution control.

In developing natural resources and exploiting the natural environment, a unit or individual has the obligation to take remedial measures to undo the damage of environmental pollution, protect and improve the environment.

Article 4. Xiamen City shall develop stringent environmental standards based on geographical and environmental characteristics and the developmental needs of the Xiamen SEZ. Its pollutant emission standards shall be promulgated by the Fujian Provincial People's Government.

Chapter II. Environmental Protection Agency and Its Duties and Functions

Article 5. The Xiamen Municipal Environmental Protection Bureau shall be the agency in the Xiamen municipal people's government in charge of environmental protection work. It shall be responsible for organizing, coordinating, planning and supervising environmental protection work within the jurisdiction of the city.

The Xiamen Municipal Environmental Protection Bureau shall be staffed with environmental protection inspectors who shall be authorized to make on-site inspections of all units in the jurisdiction which emit pollutants. The unit being inspected shall supply relevant information and data truthfully and it shall be the responsibility of the inspector to guard the unit's technical and trade secrets.

Article 6. All relevant functional departments in the Xiamen Municipal People's Government shall supervise and manage environmental protection in cooperation with the Environmental Protection Bureau and appoint special staffers to oversee environmental protection within the departments.

All departments managing the marine environment in Xiamen shall supervise and manage it properly in cooperation with the municipal Environmental Protection Bureau.

Article 7. County and district people's governments shall set up environmental protection machinery to be responsible for environmental protection work within their own respective jurisdictions.

Article 8. Subdistrict offices and residents' committees shall appoint part-time environmental protection inspectors to supervise and inspect environmental protection work within their own neighborhoods and report conditions to environmental protection departments.

Article 9. Small enterprises and institutions which pollute the environment seriously as well as large and medium-sized enterprises shall establish environmental protection machinery and appoint someone to be specifically in charge of environmental protection work within the units.

Chapter III. Environmental Protection Management of Projects

Article 10. The environmental plan of Xiamen City shall be strictly observed in the course of developing a project. Emphasis shall be placed upon the import of technology- and knowledge-intensive projects which cause little or no pollution.

The externalization of pollution shall be strictly prohibited. A new project which may pollute the environment, whether financed with foreign capital or established in cooperation with the hinterland, shall be accompanied by the simultaneous import or use of advanced foreign or domestic anti-pollution equipment and the adoption of technical processes to control pollution. A

project which will emit pollutants exceeding the limits permitted by the Xiamen municipal pollutant emission standards shall not be imported.

Article 11. Feasibility studies on large and medium-sized projects and small projects with significant environmental effects shall be accompanied by the completion of an environmental impact simple registration form and the preparation of an environmental impact report. (In the case of a small project, only the completion of the registration form shall be required.) After examination by the Xiamen Municipal Environmental Protection Bureau, the registration form and environmental impact report shall be examined by the department in charge and the environmental protection department at the corresponding level.

The environmental impact report thus examined and approved shall become a major part of the basis for evaluating the report on the project's feasibility study and its design document.

If the plan of a project is altered extensively, the environmental impact report shall be promptly revised and submitted anew.

Article 12. The unit which undertakes to prepare the environmental impact report shall assume responsibility for the reliability and accuracy of the contents and data in the report and for its consequences.

In the case of a large or medium-sized project, the developing unit together with the department in charge shall evaluate the conclusions in the environmental impact report 2 years after the project goes into production. They shall solve any problems identified during evaluation and report them to the environmental protection department which originally examined and approved the project as well as the Xiamen Municipal Environmental Protection Bureau for the record.

Article 13. The preliminary design plan of a project shall make provisions for environmental protection and be submitted to the environmental protection department which examined and approved the project originally as well as the Xiamen Municipal Environmental Protection Bureau for examination and approval 15 days before the joint meeting on the preliminary design. The design shall comply with the opinions of the environmental protection departments.

Environmental protection departments shall supervise the operation of environmental protection equipment and facilities of the project.

Article 14. Before a project begins trial production, application shall be made to the Xiamen Municipal Environmental Protection Bureau for a temporary pollutant emissions permit.

Thirty days before a project is due to be completed, checked and accepted, the environmental protection department which examined and approved it and the Xiamen Municipal Environmental Protection Bureau shall be provided with the operational details of the project's pollution control equipment obtained during the trial production stage, together with pollutant emission data. A pollutant emission permit must be applied for. A project may go into

operation only after it is checked and accepted and a pollutant emission permit issued.

Article 15. The construction of harbors and piers shall abide by the state's environmental protection regulations. Such facilities shall be fitted with environmental protection equipment appropriate to their nature and handling capacity.

Existing harbors and piers not in compliance with environmental protection regulations shall be improved to be brought up to standard within a stipulated time.

Article 16. Reclaiming land from the sea and other reclamation projects shall be strictly controlled. In cases where the need is ascertained as genuine, environmental impact reports must be prepared and submitted for examination and approval in accordance with state regulations. Before work begins on an approved reclamation project, effective protective measures such as the construction of coffers must be taken to prevent soil loss and silting up harbors, bays and channels.

Article 17. Projects which may damage the scenery and pollute the environment shall be prohibited in such scenic spots as Gulang Island, Wanshi Cave, Nanputuo Temple and Jimeixue Village and other specified protected peripheral areas. Offending enterprises and institutions already in these areas shall take remedial measures or be ordered to close, suspend production, merge, switch to another line of product, or relocate in a systematic way within a specified time.

Article 18. No new emission points shall be built at the beach on Gulang Island, the Shabowei-Huangcuo Beach, offshore tourist resorts and aquacultural breeding grounds. New emission points nearby must not pollute the waters in these areas. Existing emission points which are discharging more pollutants than the state or city allows must take remedial measures accordingly within a specified time or relocate in a systematic way.

Chapter IV. The Integrated Treatment of Pollution Sources

Article 19. The conversion, expansion and technical modernization of an enterprise shall be accompanied by the treatment of new and old pollution sources. The amount of pollutants emitted shall not exceed the limits set by the state or city.

Enterprises and institutions which exceed such limits and cause serious environmental pollution shall be instructed by the Xiamen Municipal Environmental Protection Bureau and the department in charge to bring themselves up to standards within a specified time.

Should an enterprise or institution cause serious pollution but lack the capability to take remedial measures, the Xiamen Municipal Environmental Protection Bureau in conjunction with the department in charge shall recommend

to the people's government concerned that it be closed, suspended, merged, or converted to another line of business.

Article 20. Funds required for pollution control shall be retained for use by the enterprise in accordance with state regulations.

Chinese-foreign joint ventures, cooperative enterprises, enterprises wholly owned by foreign investors and individually owned businesses shall be responsible for providing the funds they need to control pollution.

Article 21. A pollutant emission permit system shall be adopted. Discharging pollutants without a permit shall be prohibited. The emitting unit shall apply to the Xiamen Municipal Environmental Protection Bureau for a permit as provided by law and discharge its pollutants in accordance with the concentration and volume limits and methods stipulated. A pollutant emission permit shall remain valid for 2 years. Application for an extension or a new permit shall be made 2 months before the date of expiration.

The Xiamen Municipal Environmental Protection Bureau may set interim emission standards for units which exceed emission standards temporarily and provide them with temporary pollutant emission permits.

Units holding pollutant emission permits or temporary permits (hereafter referred to in general as "permits") shall not be relieved of the obligation to pay emission charges and other legal obligations.

Article 22. A permit holder shall monitor the pollutants discharged by its unit on a daily basis or entrust another unit to do so and file an environmental protection monthly report with the Xiamen Municipal Environmental Protection Bureau at regular intervals. The bureau shall have the power to conduct sample testing or repeat testing as the occasion demands.

The Xiamen Municipal Environmental Protection Bureau shall have the power to order a permit holder which discharges pollutants illegally to take measures and discharge pollutants in accordance with regulations.

Article 23. Units which discharge pollutants shall pay pollutant emission fees on schedule in accordance with relevant state regulations. The payment of such fees shall not relieve them of their proper commitment to tackle pollution and other legal obligations.

Pollutant emission fees shall be collected by the Xiamen municipal pollutant emission fees controller's office.

Should an emitting unit wish to contest the amount of fee he is required to pay, it shall apply to the Xiamen Municipal Environmental Protection Bureau for a reconsideration within 3 to 15 days after he receives the payment notice. Alternatively he may bring a suit in the people's court with jurisdiction over the case. If the unit neither pays up within the specified time nor takes legal action, the Xiamen Municipal Environmental Protection Bureau may apply to the people's court for permission to enforce collection.

Article 24. When an emitting unit suspends the use of or removes a piece of pollution control equipment, it shall report accordingly to the Xiamen Municipal Environmental Protection Bureau and apply for permission to do so.

Article 25. When a unit or individual causes a pollution accident, it or he shall immediately take measures to control or eliminate the pollution, inform units and individuals who may be endangered, file reports with the department in charge and the Xiamen Municipal Environmental Protection Bureau and submit itself to investigations and other actions.

Under emergency conditions which may potentially cause serious environmental damage and threaten human life, the Xiamen Municipal Environmental Protection Bureau shall take emergency measures to avoid or reduce such damage even as it seeks authorization simultaneously from the Xiamen Municipal People's Government.

Chapter V. Legal Liability

Article 26. The Xiamen Municipal Environmental Protection Bureau shall criticize, warn or fine any unit or individual for violating these regulations and causing environmental pollution and damage, or double its pollutant emission fees, depending on the seriousness of the case. Extra fees thus collected shall be used to defray cleanup costs and pay for damages. The above measures may also be used in combination with one another.

With the permission of the people's court at the corresponding level, an enterprise or institution that seriously pollutes the environment and fails to complete treatment measures within a stipulated time may have its permit suspended or revoked, or be ordered to cease production and close.

Article 27. With the permission of the Fujian Provincial Environmental Protection Bureau, a unit shall be fined up to 100,000 yuan and its leaders and other directly responsible personnel fined up to 500 yuan, in addition to being ordered to take corrective measures, if any one of the following circumstances obtains:

- (1) Developing a project in violation of the regulation that "pollution control equipment and the project proper must be designed, constructed and put into service at the same time," putting a project on trial production or into operation in violation of the law;
- (2) Causing serious environmental pollution and damage;
- (3) Building a project which damages the landscape and pollutes the environment in areas where such developments are prohibited by these regulations.

Article 28. A unit shall be fined up to 50,000 yuan and its leaders and other directly responsible personnel fined up to 200 yuan, in addition to being ordered to take corrective measures, if any one of the following occurs:

- (1) Causing a pollution accident and pollution damage;
- (2) Polluting the environment and refusing to close, suspend production, merge, switch to another line of product or relocate as ordered;
- (3) Externalizing pollution or accepting such externalized pollution;
- (4) Refusing to prepare an environmental impact report;
- (5) Misrepresenting the main conclusions of an environmental impact report or falsifying such a report with serious consequences;
- (6) Failing to submit a new environmental impact report for approval when the construction plan has been altered, and beginning construction without authorization.

Article 29. A unit shall be fined up to 10,000 yuan and its leaders and other directly responsible personnel fined up to 100 yuan, in addition to being ordered to take corrective measures, if any one of the following circumstances obtains:

- (1) Failing to complete pollution control measures on schedule in the absence of a legitimate reason;
- (2) Suspending the use of or removing pollution control equipment without authorization;
- (3) Failing to emit pollutants in a manner stipulated in the permit;
- (4) Misappropriating pollution treatment funds;
- (5) Producing and marketing products prohibited by the state and refusing to make adjustments;
- (6) Refusing supervision or inspection by environmental protection departments, or obstructing such supervision and inspection or resorting to deception;
- (7) Failing to report, falsifying its report on or delaying the report of a pollution accident to the higher authorities;
- (8) Refusing to complete and submit the short registration form on environmental impact or making false statements in it;
- (9) Refusing to submit or falsifying environmental protection monthly reports.

Article 30. The individual concerned who is dissatisfied with the penalties determined by the Xiamen Municipal Environmental Protection Bureau may bring a suit in a people's court within 15 days after being notified of the bureau's decision. If he neither sues or complies with the bureau's decision within a specified time, the bureau may apply to the people's court for permission to enforce its decision.

Article 31. The individual concerned may ask the bureau to settle questions concerning compensation liability and other disputes regarding the amount of damages which arise from environmental pollution and damage. Should he wish to contest the bureau's decision, he may do so by bringing a suit in a people's court. Alternatively, he may take legal action directly without first asking the bureau to intervene.

Article 32. A third party which causes environmental pollution and damage wilfully or through negligence shall be held liable for all consequences.

A unit which discharges pollutants shall not be held liable for environmental pollution and damage which result from the victim's own actions.

Article 33. A unit shall not be held liable for environmental pollution and damage which arise from natural disasters totally beyond human control and which occur despite timely and appropriate measures.

Article 34. Criminal liability shall be assessed in accordance with the law where serious pollution and environmental damage, injuries, fatalities and heavy losses have occurred.

Chapter VI. Supplementary Provisions

Article 35. Fines collected shall go to a special environmental protection fund to be spent for specific purposes as the state determines.

Article 36. The monitoring of environmental pollutants shall take as its standards monitoring data derived by the Xiamen Municipal Environmental Monitoring Station using monitoring methods stipulated by the state.

Article 37. "Projects" in these regulations refer to new construction, expansion, conversions and technical modernization and include projects developed by Chinese-foreign joint ventures, cooperative enterprises, wholly-owned foreign enterprises, neighborhood enterprises, and rural and small town enterprises as well as individually owned businesses.

Article 38. Detailed matters of implementation relating to these regulations shall be interpreted by the Fujian Provincial Environmental Protection Bureau.

Article 39. The regulations shall go into effect on 1 January 1986.

12581
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SPECIAL ECONOMIC ZONES

THEORETICAL BASIS OF SPECIAL ZONE ECONOMY DISCUSSED

Shenzhen SHENZHEN DAXUE XUEBAO [JOURNAL OF SHENZHEN UNIVERSITY] in Chinese
No 1, Dec 84 pp 3-6

[Speech by Fang Sheng [2455 3933], vice president of Shenzhen University: "The Nature of the Economy in the Special Economic Zone"]

[Excerpts][Summary] This speech was delivered at the fourth annual Chinese-Japanese economic knowledge exchange symposium. In essence, it explains that the economy of a special economic zone [SEZ] is pluralistic, under the guidance of the socialist state economy. While the leading role is played by state capitalism, it accommodates other economic components as well. It is certain that economic ties and cooperation between Hong Kong and Shenzhen will strengthen continuously and that the two economies will enjoy steady growth amid mutual stimulation, mutual supplementation, cooperation and division of labor. [End of summary]

Special economic zones of one form or another have long been in existence in the world, but it is unprecedented for China to set up such zones. Numerous theoretical and practical issues still await our study. Today let me offer some preliminary views on certain of these issues. Please criticize and correct any mistakes that I may make.

II. The Structure and Nature of the SEZ Economy

I will focus on the structure of the system of ownership here. From the Marxist perspective, the structure of the system of ownership is a large part of any economic system. But this point has not been satisfactorily resolved, if the experience of socialism in various nations is any clue. Influenced by the "leftist" ideology, some of our own people long held the mistaken beliefs that "collective ownership is inferior to state ownership" and "individual ownership is inferior to collective ownership." They considered the system of state ownership the "best," assuming that the higher the degree of public ownership, the more "advanced" the system, and failed to realize the absolute need at the present stage for the existence of a variety of ownership systems. These ideas turned the relations of production into a constraint on productive forces and stifled economic vitality and development.

The structure of the system of ownership in an SEZ differs sharply from the customary ideas mentioned above. Take Shenzhen, for instance, where you can find state enterprises, cooperative enterprises, joint ventures using Chinese and foreign capital, enterprises wholly owned by foreign capital, and a considerable number of individual businesses. These elements together make up the special zone economy. Each dynamic in its own way, they interact, influence and compete with one another and, in the process, spur economic growth.

Specifically, the state economic sector is in the hands of the SEZ government. It includes some factories, mines and, in particular, the lifeblood of the economy: energy, communications, transportation, public utilities and finance. Backed by the powerful socialist state economy in the hinterland, the state sector is still the leader in the SEZ economy.

Joint ventures are cooperative enterprises between a socialist nation (as represented by state-owned enterprises) and foreign businessmen. These enterprises have both capitalist and socialist elements. In Western economic phraseology, they are a "mixed economy (enterprise)." Joint ventures and cooperative enterprises use modern scientific management methods and possess operational autonomy, but are also subject to the supervision and control of relevant laws and regulations in the zone. Hence their state capitalist nature.

Wholly-owned foreign enterprises enjoy a fuller measure of autonomy in running their businesses; apart from paying all taxes due and other scheduled fees, the investor is free to keep all profits made. But since they too operate under the leadership, supervision and control of a socialist nation, they are state capitalist in nature.

Then there is the individual sector of the economy, including individual handicraftsmen and individuals in commerce and services, which plays an economic role that cannot be ignored.

To sum up, our SEZ economy is a complex economy under the leadership of the socialist state economy. Its major element is state capitalism, but coexisting in it are various other economic elements. Such is the nature of the SEZ economy. By "major," I mean that among the array of economic elements which make up the SEZ economy, state capitalism accounts for a substantial share. As we absorb a rising amount of foreign capital, its share will increase in the future. This is the basic feature of an SEZ economy. In a certain sense, there can be no SEZ without state capitalism. Needless to say, a distinction should be made between the economic nature of an SEZ and its social nature. The latter is undoubtedly socialist.

III. The Economic Management System of an SEZ

The core of the economic management system of an SEZ is the relationship between regulation through planning and regulation through the marketplace. The overall social and economic development plan of our SEZ cannot be removed from the guidance of state planning. Rightly subject to such guidance and included in the overall economic and social plan of the zone are the

production and marketing of essential commodities affecting the national economy and people's livelihood, the import of major investments, capital construction, energy, transportation and so on. Nevertheless, I believe that the zone economy must inevitably rely primarily on marketplace regulation under the guidance of socialist state planning. By marketplace, I have in mind not only the domestic marketplace, but, even more important, its international counterpart because as a "window" opened to the world, the SEZ largely depends on the world markets for its growth. Its finance, exchange rates, interest rates and price fluctuations are all closely related to the world markets. Commodity production and commodity circulation in the SEZ are mainly regulated by the marketplace, and hence by the law of value.

How to properly handle the relationship between regulation through planning and regulation through the marketplace is a basic theoretical issue in our drive to invigorate the economy. There is no denying the fact that not a few people in China, including theorists and those who actually worked in the departments, once set the planned socialist economy against marketplace regulation, causing serious damage to the national economy. After we brought order out of chaos, people have become much more enlightened, particularly as regards the functions of the commodity economy and the law of value under a socialist system. I believe that we cannot regard the planned economy as the only hallmark of a socialist economy, much less make command planning absolute. Countries around the world with divergent economic systems can practice different kinds of developmental planning, although in the final analysis, any kind of social economy must develop in a balanced way. Once equilibrium is disrupted, an economic crisis will appear and adjustments will have to be made. The socialist system, whose basic features are the public ownership of the means of production and the principle, to each according to his work, is superior precisely because it exercises planning leadership over the national economy and consciously utilizes all kinds of economic tools as leverage to ensure that the national economy develops in a balanced, coordinated way and to minimize or avoid the haphazardness often associated with economic growth. Within the framework of commodity production, we will become quite helpless if we turn our back on the law of value and the manipulation and control of the market mechanism.

Our SEZ economy is a relatively developed commodity economy closely related to the international marketplace. The objective demands of economic development in the zone give people a greater sense of urgency, compelling them to work hard to learn to make full use of the market mechanism under the guidance of planning. We can see that the market mechanism has been widely adopted to good effect in the capital, goods, commodity circulation and other sectors of the zone economy. Its wage, labor and price systems all differ radically from traditional practices. Some of its experiences can only benefit the restructuring of the national economic system.

IV. The Relationship Between Shenzhen SEZ and Hong Kong

Shenzhen SEZ and Hong Kong influence each other through their intimate economic ties. In a certain respect, Shenzhen's development depends on Hong Kong's prosperity. In the long run, however, the former will contribute to Hong Kong's prosperity and stability.

Shenzhen and Hong Kong differ from each other while maintaining close ties. Hong Kong is destined by its superior geographical position and special historical circumstances to be a free port and a center for international finance, trade, shipping and scientific and technical exchange. Shenzhen cannot replace Hong Kong. Nor is there any compelling reason why it must be merged with the Hong Kong special administrative region to form one unit.

Must Shenzhen become nothing more than Hong Kong's rear supply base or even its dependency? No. The Shenzhen SEZ has some advantages denied Hong Kong and is entirely capable of establishing a relatively independent production system and economic structure. Also, she can do far more than serve as a rear supply base for Hong Kong because apart from its own special strength, it can use the convenience offered by Hong Kong as a multifaceted international city to raise the standard of its productive forces and economy. It is certain that economic connections and cooperation between Shenzhen and Hong Kong will expand continuously and both will enjoy uninterrupted economic growth amid mutual stimulation and supplementation, cooperation and division of labor.

V. Material Civilization and Spiritual Civilization in the SEZ

Even as it grapples with the construction of an advanced socialist material civilization, the SEZ must also develop an advanced socialist spiritual civilization. We must tackle both at the same time. Important as it is, the construction of the spiritual civilization cannot be divorced from that of the material civilization; otherwise, we cannot do it right. Can we assume that as the zone enjoys a rising material civilization and its people become better off, it will inevitably experience spiritual decay and decay in public morality as a result of overemphasizing the role of the marketplace and the law of value? This is an unfounded notion. In fact, the zone's spectacular achievements in economic construction have powerfully unleashed the people's enthusiasm for socialist construction. The reforms it has carried out in the economic system have begun to break the public habit of slothfulness caused by the practice of "eating out of the common pot" and "the iron rice bowl" and deal a heavy blow to bad bureaucratic ways. Through international economic intercourse, we can also absorb from foreign cultures whatever is useful to us.

Many well-intentioned foreign friends ask us, "Now that you are going into this special economic zone business, aren't you worried about the influence of capitalism?" To me, "influence" is not a frightening thing. Good influence we welcome and try hard to learn; bad influence we firmly resist and eliminate. We cannot give up eating for fear of choking. We Chinese communists are confident that by spreading our revolutionary experience and relying on the superiority of socialism, we can develop the SEZ into a society with advanced material and spiritual civilizations.

Although China's SEZs have achieved a good deal within a short period of time, they are still in the developing stage and many issues await further study and exploration. We would like to take this opportunity to listen to everyone's opinions so that we can develop our SEZs better and faster. Thank you.

12581
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LABOR AND WAGES

BRIEFS

WAGE SUPERVISION GUIDELINES ISSUED--Beijing, 8 October (XINHUA)--The State Council announced today provisional wage fund supervision guidelines. The new measures are applicable to all enterprises and establishments and warn that allowances outside the state-stipulated fund will not be tolerated, and all disbursements must be made via the proper bank channels. The document stipulates that those who violate the provisions to draw money in cash, distribute wages by using non-wage funds and give rewards in kind to workers will be punished. [Text] [Beijing XINHUA in English 1626 GMT 8 Oct 85 OW]

CSO: 4020/34

TRANSPORTATION

PRC SCORES NEW DEVELOPMENTS IN CIVIL AVIATION

HK290120 Beijing ZHONGGUO XINWEN SHE in Chinese 0344 GMT 27 Sep 85

[Text] Beijing, 27 Sep [ZHONGGUO XINWEN SHE]--During a special interview with our reporter, Hu Yizhou, director general of the Civil Aviation Administration of China [CAAC] said that the development of China's civil aviation has entered an entirely new stage. The number of new planes bought, air routes opened, and airports built in recent years has hit a record high in the 36 years since the founding of the PRC.

Hu Yizhou said: To speed up the modernization of China's aircraft the CAAC is substituting new and large modern planes for outmoded planes. Some of the 58 planes ordered from countries including the United States, Britain, and the Soviet Union have arrived and are being put into operation. The CAAC has opened 13 new air routes this year. It has increased the number of regular flights from 698 per week last year to 900 per week this year.

The director general said: The CAAC transported about 4.68 million passengers in the first 8 months of this year, a 40 percent increase over the same period of last year. New air routes have been opened this year to meet the needs of Chinese and foreign passengers. These new air routes are: Guangzhou-Urumqi, Xian-Hangzhou-Ximen, Guangzhou-Qingdao, Xiamen-Nanjing, Yichang-Changsha-Guangzhou, and Shanghai-Lianyungang-Beijing. The CAAC will continue to open new domestic and international air routes.

In reference to the building of airports, Hu Yizhou said: Since the implementation of the policy of opening up, the coastal cities have attached great importance to airport construction. Many cities in the central and western parts of the country have applied to build airports for the purpose of developing local aviation. The state has approved the applications of some 20 cities to build and expand airports. Large airports will be built in Chongqing, Wuhan, Shenyang, and Xian. A study of the feasibility for building airports in the Shenzhen and Zhuhai Special Economic Zones is being carried out. The construction of airports in remote areas like Xining and Yulin has also been listed in the plan.

To ensure the safety of Chinese and foreign passengers, the CAAC has started carrying out overall and strict checks on all its passenger planes, forbidding

planes which are not airworthy to fly. To renew the aviation telecommunications system, the CAAC has placed orders with Japan and the United States for complete sets of advanced equipment for blind landing, issuing omni-directional signals, and range-finding. These sets of equipment will be installed in major airports.

Hu Yizhou said: The Caac Still has some problems. In particular, it is necessary to improve its ground service in order to give first priority to passengers, service, and quality.

CSO: 4006/70

TRANSPORTATION

LIAONING REPORTS INCREASED VOLUME IN CIVIL AIR TRANSPORT

Shenyang LIAONING JINGJI BAO in Chinese 9 Aug 85 p 2

[Article by Lu Shaokui [7120 4801 1145]: "Marked Increase in Passenger and Freight Volume in Liaoning's Civil Air Transport"]

[Text] Liaoning's civil air transport has developed very rapidly since the beginning of this year with both passenger and freight volumes showing a marked increase over the same period last year.

According to statistics, by the end of July this year, of the 113,000 passengers handled by the three air stations in Shenyang, Dalian and Dandong in Liaoning, the Shenyang and Dalian air stations handled 72,000 and 39,000 passengers, respectively, showing a respective increase of 80.7 percent and 96.3 percent over the same period last year. Since its opening on 1 April, the Dandong air station has handled 1,771 passengers, overfulfilling the progress plan. The volume of freight and postal packages handled by these three air stations amounted to 2,600 tons, out of which: the Shenyang and Dalian stations dispatched 1,700 tons and 895 tons, respectively, or increases of 10.2 percent and 40.9 percent, respectively, as compared with the same period last year. Receipts from this traffic by these three air stations totaled 14.68 million yuan; of which receipts of the Shenyang and Dalian air station amounted to 10,375,000 yuan and 4,218,000 yuan, respectively, or a 1.5-fold and 1.6-fold increase, respectively, over the same period last year.

The marked increase in civil air transport volume has improved passenger and freight circulation and played a positive promoting role in accelerating national economic development and easing the strained transport situation.

12662
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TRANSPORTATION

LIAONING'S TRANSPORTATION PROBLEMS DISCUSSED

Shenyang LIAONING JINGJI BAO in Chinese 9 Aug 85 p 2

[Article: "Urgent Communications and Transportation Problems Demand Prompt Solution"]

[Text] It was learned recently by this reporter from the Liaoning provincial communications and transportation headquarters that in spite of the fulfillment of the major economic targets according to state plans on the communications and transportation front during the first half of this year, the communications and transportation situation has remained increasingly tense in Liaoning Province. In railway transportation, the proportion of railway cargo, loading province-wide to satisfy the needs of enterprises has dropped from 75.6 percent at the end of last year to 71.5 percent, showing a big pileup of goods and materials waiting for transportation. According to statistics compiled as of the end of June, throughout the province, there were nearly 1 million tons of coal dropped from collieries under unified distribution, and coal from the local small coal pits piled up waiting for transportation together with 500,000 tons of small chemical fertilizers and machine and electrical products worth more than 100 million yuan. In sea transportation, a serious bottleneck again appeared at the Dalian port after May. By the end of June, more than 600,000 tons of imported goods and materials were piled up and as many as 100 foreign trade vessels were berthed at the harbor, with vessel turnaround time extended from 7.8 days in April to 11.6 days.

These problems are mainly due to the fact that the increase in transport capacity cannot keep up with the pace of national economic development. Judging by railways, since no lines have been added for many years, the passage capacity of the existing lines has basically reached a saturation point which is incompatible with the needs of coping with the ever-increasing transport volume. Another factor is the lack of railway cars and the limited cargo-handling capacity of the freight yards which also affected transport capacity to a certain extent. Judging from the port situation: 1. There are not enough berths at the wharves, thus at times, when one ship berthed, two other ships had to wait for loading or unloading. 2. The ability to clear the harbor is limited and consequently cannot satisfy the needs since more than 95 percent of the cargo has to rely on railway transportation. Besides, there are also other factors in the fields of planning and management. For instance, the lack of rational division of labor between highway and railway transportation,

some of the goods and materials earmarked for short-distance transportation are also diverted to railways thereby affecting the proper use of railway transport capacity. The tasks for sea transportation are not evenly assigned, imported goods are more concentrated and some units have failed to handle the transportation of goods and materials expeditiously after arriving at the stations and the harbor.

This state of affairs if allowed to continue will certainly have a serious effect on the development of the national economy. The leadership and departments concerned at all levels should take special note and pay attention and adopt effective measures to rapidly reverse the tense situation in communications and transportation.

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CSO: 4006/979

TRANSPORTATION

MEASURES TO RELIEVE LIAONING TRANSPORTATION BOTTLENECKS

Shenyang LIAONING JINGJI BAO in Chinese 9 Aug 85 p 2

[Article by Wang Yunqi [3769 6663 3823]: "Liaoning Communications and Transportation Headquarters Has Decided To Adopt Five Measures To Ease the Tense Communications and Transportation Situation"; passages with slantlines in bold-face]

[Text] To cope with the current tense communications and transportation situation, the Liaoning provincial communications and transportation headquarters recently called a meeting of leading members in Yingkou at which it was decided that the following five measures would be adopted during the second half of this year:

/1. Under the circumstances when the contradictions between transport volume and transport capacity are very prominent, making overall arrangement to ensure the transportation of key goods and materials./ Continual efforts should be made to give first priority to energy transportation and do a good job in making the transportation plan dovetail with the production and marketing plans in accordance with the principle of keeping accounts of production, transportation and sales in one book and strive to transport goods as soon as they are produced to minimize losses through overstocking. Proper arrangements should be made with railroads and ports for the transportation of export goods and materials relating to foreign trade based on the contracts signed and the date of delivery. Priority should be given to goods and materials urgently needed by agriculture, the light industry and the market to ensure their delivery.

/2. Making the best use of the highways and railroads separately, further readjusting the rational division of labor between long- and short-distance transportation and giving both railroad and highway advantages full play./ During the second half of this year, in addition to conducting an effective investigation on the sources of goods, steps should be taken to let the railroads gradually turn over to the highways the operations of handling the arrival and dispatching of goods in small quantities between six neighboring cities from Shenyang to Fushun, Benxi, Liaoyang, Anshan and Tieling. With the exception of assortments of goods in large quantities such as coal, petroleum, mineral powder and so forth, cargo by the trainload should be diverted to the highways in a planned manner. Efforts should be made to divert cargo from

railroads to highways for transportation this year by increasing the volume of such cargo from 3 million tons last year to more than 5 million tons.

/3. Putting into play the various forms of transportation in a dispersed way and vigorously organizing multichannel ports to handle transport by dispersion./ To change the situation in Dalian port where ships and cargos are held up, channels of transportation by dispersion to the sea and to waterways must also be opened in addition to giving further play to railroads as the main channel. During the second half of this year, foreign trade departments and ports should be organized to divert cargo entering Dalian for transportation to Dandong, Jinzhou and Yingkou areas by sea; goods and materials entering south of Wafangdian will be transported by highways without exception. International containers piled up south of Shenyang should be transported in a dispersed way by trucks. As to imported cargos piled up at the wharves for a long time waiting for shipment, measures should be taken to shift them to warehouses and other places for safekeeping.

/4. Doing a good job in filling up the gaps and technical transformation in medium and small ports along the coast./ To expand transport capacity, Liaoning Province has invested 40 million yuan for revamping Dandong's Langtou harbor, the Xianglujiao wharf under the Dalian Ocean Shipping Co, the Yingkou port office's special wharf for food shipment, the Gouxi wharf of the Xingkou shipping bureau and Jinzhou's Huludao port. These projects should be accelerated so as to build up the transport capacity to fulfill the task of transporting 650,000 tons of corn this year.

/5. Organizing local shipping fleet and enhancing transport capacity at sea./ This year's plan calls for purchasing 10 old cargo ships from abroad to be used in coastal and offshore transportation in Liaoping. At the moment, two 10,000-ton-class cargo ships have been purchased. For the other eight vessels, two ship-purchasing teams have been sent to Japan and Hong Kong for negotiation.

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TRANSPORTATION

BRIEFS

HUBEI ROAD BUILDING--The province has scored marked results in road building. This year 15 bridges have been completed in the province and the total length of the bridges is some 2,500 meters. Of these, three are large highway bridges, and there are now 5,724 highway bridges in the province with a total length of 186,000 meters. [Summary] [Wuhan Hubei Provincial Service in Mandarin 1100 GMT 2 Oct 85 HK]

CSO: 4006/63

PUBLICATIONS

LIANG BUTING HAILS BOOK ON PARTY STYLE, WORLD OUTLOOK

SK050451 Jinan Shandong Provincial Service in Mandarin 2300 GMT 3 Oct 85

[Text] The book "On the Study of the Theses on Party Style and World Outlook By Writers of Marxist Classics" written by (Zhao Wenlu) and (He Huibang) has been published by the publishing house of the Nankai University in Tianjin. This is a new book in our country's theoretical circles, a book that examines issues regarding party style and world outlook; a theoretical book for popular consumption that integrates party building theory with philosophical theory and party style with the party's world outlook, and that reflects the distinguishing feature of the times; and relatively good reference material for the ongoing education on party style, party spirit, ideals, and discipline.

While participating in the national conference of party delegates in Beijing, Comrade Liang Buting, secretary of the provincial CPC Committee, received writer (Zhao Wenlu), and encouraged him to continue to work hard and write even more and better books in order to contribute to the fundamental turn for the better in party style.

Before leaving the province for Beijing to participate in the conference, Comrade Liang Buting had read this book. Praising the book, he recommended it, and wrote a letter and inscription to the writer. Comrade Liang Buting's inscription reads: "Correctly understand the relationship between party style and world outlook; conduct in-depth education on party style; party spirit, ideals, and discipline; strengthen the remolding of our world outlook; and strive to bring about a fundamental turn for the better in party style."

(Zhao Wenlu), a professional through self-study, is an outstanding young intellectual who resides in the province's Weifang City. With deep proletarian feelings for the party, and through more than 10 years of assiduous study, he has written the series on "Party Style and World Outlook," together with (He Huibang) and other comrades. The series contain four volumes. In addition to the above-mentioned volume, which has already been published, the other three volumes are: "Brief Opinion on Party Style and World Outlook," "Sources of the World Outlook Under the Unhealthy Party Style," and "Party Consolidation and Rectification and the Remodelling of Our World Outlook." These three volumes will be published and put on sale within this year by the Yunnan People's Publishing House, the Tianjin Nankai University Publishing House, and the Shanghai People's Publishing House, respectively.

The Educational Office under the Central Discipline Inspection Commission has decided to use these series as teaching materials in the training of discipline inspection cadres, and will recommend these series to all discipline inspection cadres in the country on the 18th issue of the year's DANGFENG YU DANGJI [PARTY STYLE AND PARTY DISCIPLINE] and Volume 10 of the reference materials for the education on party spirit, party style, and party discipline.

Following is the editor's note to this report: "A Good Book for Propagating the Party Building Theory." Since its publication in May this year by the Nankai University's Publishing House, the book "On the Study of the Theses on Party Style and World Outlook By Writers of Marxist Classics" written by (Zhao Wenlu) and (He Huibang) has been well received by readers. This book closely integrates the current situation on party style with the actual ideological situation of party members, makes a systematic exposition of the theses on party style and world outlook of Marxist-Leninism and Mao Zedong Thought, draws the experiences and lessons of the international proletarian political parties on building party ideology and party style, especially the experiences and lessons of our party's previous consolidation and rectification drives, and analyzed the content, essence, danger, and sources of the current new unhealthy trends of our country. Integrating party building theory with philosophical theory and party style with party's world outlook, it is a book for popular consumption as well as the supplementary teaching materials for carrying out party rectification.

Few persons on our country's theoretical circle have studied the issues of party style and world outlook. It is of great significance that the writers of these series have conducted special study and made a systematic exposition of these issues in adherence to the principle of integrating theory with practice. The central thesis of this book is: World outlook decides [word indistinct] party style, and party style is the external expression of world outlook. In essence, party style is world outlook. The whole set of fine tradition of the proletarian political parties is the external expression of Marxist world outlook, while the unhealthy work style inside the party constitutes the inexorable reflection of the non-Marxist world outlook. Only by enhancing the issue of party style to the high plane of world outlook can we grasp the essentials of party rectification and effect a fundamental turn for the better in party style.

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PUBLICATIONS

BRIEFS

CHINA CONSUMERS PAPER --The "ZHONGGUO XIAOFIZHE BAO" [China Consumers Paper] starts publication today. In an article written for this paper, noted economist Xue Muqiao pointed out: The current issue that concerns consumers most is commodity price increases. However, China's overall commodity prices will not increase so long as there is no inflation. Xue Muqiao also pointed out: The fundamental measure to stabilize commodity prices is to control accumulation and consumption funds. From a long-term point of view, the practice of indiscriminately raising wages and issuing bonuses will do workers no good.
[Text] [Beijing Domestic Service in Mandarin 2230 GMT 6 Oct 85 OW]

CSO: 4006/114

HONG KONG MEDIA ON CHINA

YANBIAN BECKONS FOREIGN VISITORS

Hong Kong JINGJI DAOBAO [ECONOMIC REPORTER] in Chinese No 37, 16 Sep 85
pp 22-23

[Article by Zhang Kunyi [1728 0981 0308]: "Yanbian Welcomes Foreign Investment"]

[Text] We set off from Antu County early in the morning, lunched at Mingyue Township, and then continued our journey. After a long trip lasting more than 6 hours, we arrived at Yanji, Yanbian Chaoxian Autonomous Prefecture's famous capital.

The Warm and Friendly Nature of the Chaoxian People

On the way to Yanji, Director Zhang Mingyou [1728 2494 0645] of the Foreign Affairs Office of Jilin Province, who was accompanying us, briefed us on the customs of the Chaoxian nationality. He said that one must take off one's shoes when one enters a house in the prefecture. Women's rooms are strictly off limits and not to be trespassed casually. When your host proposes a toast, you should not hold your glass higher than the host's and must empty your glass in one gulp. When you greet somebody, you should bow as well as shake hands with him, and when bidding farewell, you wave both hands. Only such behavior is considered polite and thoughtful. He also told us that members of the Chaoxian nationality, young and old, love dancing. If your host invites you to dance with him, you must oblige even if you are not familiar with the dance. Otherwise he will be offended.

Roads in Yanji are all made of asphalt and quite wide. The buildings, though not tall, are very neat. Most striking are the roadside slogans, movie advertisements and certain signboards, all bilingual in the Han and Chaoxian languages. By and large, people wear Han clothing, but now and then you do see women in Chaoxian attire. Occasionally you also see women, most of them elderly, carrying articles on their heads as they walk by.

That very evening, the prefecture chief briefed us on the situation in Yanbian and threw a banquet for us. The chief, deputy chief and other relevant departmental heads from the governments of the prefecture and Yanji toasted us repeatedly and warmly offered us the kind of dishes reserved for guests of honor. The deputy prefectoral chief, who sat next to me, told me that since

the bear is a form of wildlife protected by the state, hunting it is normally prohibited. To welcome us, however, they caught a bear a couple of days earlier, removed its paws and had them refrigerated until two days ago when they started preparing them: this dish takes 40 hours cooking time. Supposedly one eats mainly the front part of a bear's paw, and the right paw is said to taste better than the left. At the banquet that evening, we were lucky enough to try such rare delicacies as Dalian prawn, flying dragon (also known as hazel grouse), Songrong mushroom and Wei vegetable, in addition to the bear paw and fish.

The Chaoxian nationality is a warm, hospitable, courteous and cleanliness-minded people with a flair for music and dancing. Wherever we went, we were greeted by women smartly garbed in long, beautiful Chaoxian dresses who received us warmly. They had make-up on their faces and wore shoes with 2 or 3-inch heels.

The next afternoon, we went to Taixing Village in Dongcheng Township, Huolong County. As our car neared the village entrance, the sound of gongs and drums filled the air. It turned out that a group of elderly Chaoxian people were dancing in the tree shade to welcome us. Just as I was watching with fascination the graceful step of some of the elders, an old lady suddenly came up to me and invited me to dance with her. I have never had the slightest talent for art, so I have never liked dancing. Nor am I good at it. But recalling Director Zhang's words, I had no choice but to make a fool of myself and dance.

Taixing Village consists of eight natural villages and has a population of 1,487, of which 92 percent belong to the Chaoxian nationality. The village head told us that in 1978, the best year before the responsibility system was adopted, per-capita income in the village was 235 yuan. In contrast, per-capita income rose to 613 yuan last year when the responsibility system was already in effect, a 160-percent increase over 1978.

As we entered the village, all that came into view was newly built brick-and tile one-story houses. According to the villagers, their houses were mostly made of mud and wood in the pre-economic reform days when there were only 23 brick-and-tile houses in the entire village. Today, it is a different story altogether. Last year alone the number of brick-and-tile buildings increased to 120, and 59 additional peasant households will move into new housing this fall. The village plans to house everybody in a brick-and-tile structure by 1990.

There are marked differences between the houses of the Chaoxian people and those of the Han people. The former are all one-story affairs attached in groups of two or three so that the kitchen, living room and bedroom are all connected. The platform is made of a combination of bricks and a thick, attractive kind of plank. Inside are three large cooking stoves in the platform. The smoke from the stoves is channelled out of the house through stovepipes. This design, which makes for good insulation and is non-polluting, should be used as a reference. There were no tables, chairs or beds in the house but I did see a large lacquer cabinet. The house was kept spotlessly clean. We saw three large cauldrons which were so well polished

that they sparkled. The water vat at one corner was tightly covered with a lid and there was not a single drop of water on the floor. Everything in the cabinet --bedding, clothes and assorted articles--was laid out neatly. I found that Chaoxian people like to use basins as containers. In several households I spotted a couple of enamel washbasins covered with identical covers atop the cabinet. They were so well scrubbed that they looked brand new.

The City Of Tumen at the Chinese-Korean Border

An hour before we left Yanbian, we went to Tumen on the northern bank of the Tumen Jiang in eastern Jilin Province. Facing it across the river is Wencheng Prefecture in the Democratic People's Republic of Korea.

Our tourist bus drove through the quiet, beautiful urban area and headed straight for Tumen Jiang Bridge at the Chinese-Korean border. Mayor Han Changzhen [7281 2490 6966] was already waiting for us beside the sentry post at one end of the bridge.

Led by Mayor Han, we stepped onto Tumen Jiang Bridge, a highway bridge made of reinforced steel and cement and about 4 to 5 meters wide. The middle of the bridge marks the Chinese-Korean border. The street lamps on both sides of the border are distinctly different. Standing at the middle of the bridge, I could not see anything at the Korean side, no fortification, no border patrol. The only object that came into view was a friendship train racing ahead on a railroad bridge connecting the two countries in the distance.

Mayor Han informed us that Tumen occupies 5,489 sq km and has a population of over 90,000 representing six nationalities, including Chaoxian, Han, Hui and Man. The Chaoxian nationality accounts for 59 percent of the population. He said that Tumen has a short history; before 1932, it was inhabited by a little over 100 households. From 1932 through 1935, in the wake of railroad construction, Tumen became a transfer station linking the northeast and Korea, and slowly developed thereafter.

In the 30-plus years since the People's Republic of China was established, Tumen's economy and education have developed rapidly. Today it has in place an industrial system dominated by paper making, chemical industries, instrument and meter making, plastics, building materials and food processing, and turns out an endless stream of new products. Most of the city's 151 enterprises are well established. A basic commercial network has sprung up involving 146 commercial concerns.

A communications hub and one of China's eight inland ports, Tumen is highly accessible. It is also the only port city in Jilin connected to the outside world by rail and highways. It maintains frequent official and civilian contacts with Korea, contacts which are becoming increasingly extensive and involving an ever rising number of people each year. Last January through June alone, for instance, over 50,000 people passed through its port.

On 1 August, the night before our departure, I saw several uniformed Korean military officials attending a banquet at Yanji Guesthouse hosted by the deputy chief of the prefecture. Reportedly they were inspection personnel from the Korean border who made a special trip to Yanbian to help celebrate China's Army Day.

Mayor Han informed us that as the open door policy has gradually taken shape in recent years, Tumen has also attracted the interest of a large number of foreign friends. Moreover, Tumen has extensive overseas and social connections, most of whom have revived their contacts with relatives and other social personages in Tumen. Sentimental about their native land, they have indicated a desire to invest in Tumen and set up businesses there. At present some contracts have been concluded while others are still under negotiation. Among the former is one contract which involves the purchase by a Hong Kong investor of 150 taxis. Investors from countries like Japan and Australia have also made some initial contacts regarding a number of projects. Mayor Han added that Tumen plans to develop its electronics industry in cooperation with Hong Kong interests. Other plans call for the construction of guesthouses in conjunction with foreign investors and the purchase of helicopters to develop tourism in the Tumen-Changbaishan-Jingbohu triangle.

An overwhelming majority of Tumen's residents are of the Chaoxian nationality, most of whom have relatives on the Korean side of the border. So visits across the border are commonplace and formalities are also simple and convenient.

As I stood at the end of the bridge and watched people cross the bridge happily on their way to visit their relatives, loaded with bags large and small or pushing wheelbarrows overflowing with luggage, I felt a joy deep in my heart: the people of Yanbian are becoming prosperous.

Preferential Treatment for Investors from Hong Kong, Macao and Overseas

At the briefing, Wang Zailin [3769 6528 2651], the head of the prefecture, explained to us Yanbian's economic situation. He said, "Transportation, posts and telecommunications in the autonomous prefecture have also made rapid progress. At present it is crisscrossed by a railway and highway network. The total length of our mail route exceeds 10,000 km. In addition, there will soon be a modern communications center making possible communications with other parts of the country and a number of major cities in the world. Right now there are direct flights from Yanji to Shenyang, where one can make connecting flights to Beijing, Shanghai and Guangzhou, arriving at these cities the same day."

We could tell by his speech that the prefectoral chief, who is a little over 50, is committed to and has confidence in the open door policy. He said time and again that the area must develop economic and technical cooperation with foreign nations, Hong Kong and Macao on the basis of equality and mutual benefit and import technology and equipment through such mechanisms as joint ventures, cooperative production, compensatory trade and leasing. According to him, the current development focus is lumber, energy, food, medicine and

drugs, petrochemicals, building materials, hemp spinning, and tourism. He expressed the hope that friends from economic, financial and trade circles in Hong Kong, Macao and around the world will go to Yanbian to negotiate business deals, develop resources, set up plants, open up economic and technical cooperation, conduct scientific and technical exchanges and as tourists for sightseeing. He emphasized that in matters relating to external economic and technical cooperation, the autonomous prefecture enjoys the same degree of examination-and-approval power as a class 1 province.

A good investment climate and preferential treatment will be provided for Hong Kong and Macao compatriots and foreign merchants who invest in the region:

--As soon as they are approved for registration, joint ventures, cooperative enterprises and wholly-owned enterprises financed by Hong Kong and Macao compatriots and foreign businessmen will have the status of a legal person. All parties in a joint venture will be equal before Chinese law and will be protected and subject to Chinese law. They will be autonomous in personnel matters, the disposal of property, supply, production and marketing.

--Joint ventures and cooperative enterprises will be accorded priority in the supply of coal, oil, electricity, gas and water which they need. They will also enjoy preference in transportation availability, the installation and use of communication equipment and the distribution and supply of raw materials. Banks will give their loan applications special consideration while the prefecture's capital construction plan will specially cater to their needs.

--An equitable price system will be adopted with regard to joint ventures using Chinese and foreign capital, cooperative enterprises, and wholly-owned foreign enterprises.

--Joint ventures, cooperative enterprises, and wholly-owned foreign enterprises will be charged a special preferential land use fee.

--To make things easy for personnel who work for joint ventures, cooperative enterprises, and wholly-owned foreign enterprises, entry and exit formalities will be simplified for them. They will also be given better living and leisure conditions and enjoy preference when it comes to sightseeing and vacationing.

The prefectoral chief urged us again and again to publicize the situation in Yanbian in every way after we returned to Hong Kong so that Hong Kong and Macao compatriots and overseas investors could get to know it. Time being so short, however, we did not have the opportunity to gain a detailed knowledge of some aspects, and what we do know tends to be sketchy. To obtain the whole picture, the best way is to visit Yanbian in person.

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